



**BetterWork**

# **Annual Report 2017: An Industry and Compliance Review**

Better Work Jordan

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REPORTING PERIOD  
**November 2015 - December 2016**

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Labour  
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## Preface

The garment industry in Jordan has seen several important changes during the past year. All stakeholders' efforts of the past decade have been rewarded by the removal of Jordan from the U.S. list of countries still witnessing forced labour within their borders. Additionally, the newly-signed agreement between the Ministry of Labour and Ministry of Health entrusting MoL officials to inspect the housing units of migrant garment workers has been the breakthrough many have been waiting for. But the industry cannot lose momentum. In 2017, Better Work Jordan and the stakeholders must prepare to reach new and even more ambitious goals to mirror the maturity of the Jordan's garment industry. Stakeholders need to prepare for the upcoming factory-level public reporting that, though still new, is something we are confident will give fresh impetus to businesses, especially in light of the international dimension in which the sector finds itself. The stakeholders and Better Work Jordan remain committed to addressing high unemployment rates in Jordan by promoting decent work opportunities in the garment sector, especially to support female employment in rural areas. Increasing the productivity of the country's satellite factories, decreasing unemployment in Jordan and including Syrian refugees in the workforce will be some of main goals in 2017.

The Annual Report 2017 from Better Work Jordan is meant to capture the present compliance status of its participating factories and the garment industry in Jordan. This report is not only presented to share a snapshot of the industry, but also to inform future discussions and actions. The Better Work Jordan team hopes that the reader finds this report informative, and that the industry stakeholders will proactively address some of the areas of non-compliance and challenges highlighted in this report.



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## Summary Findings

Better Work Jordan has been conducting assessments of the working conditions in Jordanian exporting apparel factories since 2009. Each assessment consists of a two-day on-site visit, which includes meetings with management and workers, document reviews, and observations from factory facilities and dormitories. The goal of the programme is to ensure continuous improvements in the industry working and thus raising the overall compliance level.

This report illustrates findings from assessments conducted between November 2015 and December 2016 by Better Work Jordan in 67 factories. The data collected reports non-compliance with labour standards based on eight clusters: four based on ILO Core Labour Standards encompassing Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining, and four clusters based on the national law regarding working conditions in regards to Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time. Assessment results from factories covered in this report are largely consistent with findings of the past reports – with non-compliance concentrated in Occupational Safety and Health, Freedom of Association and Collective Bargaining and Contracts and Human Resources. The major findings are as follows:

### ILO Core Labour Standards

#### CHILD LABOUR

One case of Child Labour and two cases of inaccurate age documentation of Bangladeshi migrant workers were documented in two factories. Both were reported to the Ministry of Labour, who then undertook procedures following the 2011 National Framework to Combat Child Labour. The underage Bangladeshi workers were sent back to Bangladesh, and records of final settlements were verified by Better Work Jordan. The underage Jordanian worker was terminated after the assessment. The updated collaboration agreement between Better Work Jordan and the Ministry of Labour – signed in December 2016 – requires the Ministry of Social Development and the Ministry of Education provide social, economic and educational recommendations in cases of underage Jordanian workers to ensure that the actions taken are in the best interests of the child.

#### DISCRIMINATION

Non-compliance in Discrimination mostly arises from discrimination in wages based on race and origin (73 percent). The industry-wide collective bargaining agreement requires all factories to eliminate discrimination in the calculation of overtime and benefits for non-Jordanian workers by the end of August 2017, and is expected to address this non-compliance. Further non-compliance arises from factories that are



unable to meet quota for workers with disabilities and from discriminatory recruitment practices based on gender. Similar to the previous reporting period, Sri Lankan male workers were documented paying higher recruitment fees than female workers from their countries.

### **FORCED LABOUR**

During the reported period, 7 factories were found non-compliant under Coercion. The cases involved the factory management keeping workers' passports and documents for storing or renewal of all migrant workers in 5 factories and a group of migrant workers in 2 factories. One of the reported factories was shut down in October 2016. Two of the remaining factories were reported to the Ministry of Labour after they failed to correct the issue. All factories had returned the workers' passports as of January 2017.

### **FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

All factories are non-compliant under Freedom to Associate since the national law prohibits workers from freely forming their own unions. An 87 percent non-compliance rate is reported under Collective Bargaining. Although most factories have started to implement some provisions of the collective bargaining agreement, factories are considered non-compliant if they fail to fully implement any of the requirements verified during the assessment. Among the non-compliant factories, all factories were documented implementing a number of provisions within the agreement.

## **Working Conditions**

### **COMPENSATION**

Most cases of non-compliance are related to inaccurate calculation of wages and unreliable time records. A 39 percent non-compliance rate is reported for overtime wages. Forty-two factories did not consider fixed allowances, seniority bonuses and in-kind payments when calculating overtime. Non-compliance in Wage Information, Use and Deduction (42 percent) is primarily due to unreliable time records and factories not paying seniority bonuses as per the latest collective bargaining agreement.

### **CONTRACTS AND HUMAN RESOURCES**

There was some level on non-compliance for each cluster points under Contracts and Human Resources, largely due to challenges in the recruitment process for migrant workers. The highest rates - exceeding 60 percent - were observed in Contracting Procedures and Dialogue, Discipline and Disputes. Newly recruited Indian and Sri Lankan male workers in 36 factories reported unauthorized recruitment fees. Verbal abuse, a key issue under the Dialogue, Discipline and Disputes, was reported in 18 factories.



## **OCCUPATIONAL SAFETY AND HEALTH**

As in previous reports, the non-compliance rate in Occupational Safety and Health (OSH) continues to be high. The non-compliance rates are concentrated in Health Services and First Aid, OSH Management Systems, Worker Protection, Worker Accommodation and Welfare Facilities. The high-rate of non-compliance in Worker Accommodation is expected to decline with the new agreement between the Ministry of Labour and Ministry of Health regarding the inspection of dorms. The lack of medical and OSH staff is a recurring issue for the Jordanian garment industry.

## **WORKING TIME**

Non-compliance in Working Time is concentrated under Leave and Regular Hours. Thirteen factories were non-compliant with keeping accurate records of the hours worked, and among them, 6 factories were forthcoming about multiple book-keeping. The Thematic Section in this report presents findings on the working hours in the garment industry during the reported period. The average hours worked for the industry was 57 hours per week, but the majority of observations are concentrated towards 62 hours per week.



**67**

Factories



**2,713**

Workers  
Interviewed



**78**

Assessment  
Visits



**413**

Advisory  
Visits



**242** Training Sessions

**453** Management

**2,482** Supervisors and Workers



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## Section I: Introduction

The Better Work programme is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). The comprehensive programme is bringing together stakeholders from all levels of the garment industry to improve working conditions and respect of labour rights, and boost the competitiveness of apparel industries. Factories participating in Better Work are monitored and advised through factory assessments, advisory visits and trainings.<sup>1</sup>

In hopes to increase transparency about factory working conditions to programme stakeholders as well as a wider public audience, Better Work country programmes produce public annual reports highlighting non-compliance findings. Annual reports present a snapshot of the non-compliance situation in participating factories during reporting periods. The non-compliance rates presented in this report refer to participating factory averages. Since our inception in 2008, Better Work Jordan has produced 7 public annual reports. The present report, the Annual Report 2016, illustrates the findings from assessments carried between November 2015 and December 2016 in 67 factories.

To provide some context to Jordan's apparel industry and its current level of non-compliance, this report starts with a short background of the industry, the Better Work Jordan programme and policy developments in the reporting period in Section I. Non-compliance findings and the thematic analysis on working hours in the industry are presented in Section II, followed by conclusions in Section III. The Better Work methodology and non-compliance calculations are discussed in Annex C.

### Industry Overview

Jordan is a small, upper-middle income country with limited natural resources and active trade flows. Although the apparel industry has not historically been an important industry in Jordan, it has enjoyed enormous growth since the mid-1990s. In 1996, Jordan and the United States signed the Qualified Industrial Zones (QIZ) agreement that allowed products manufactured in Jordan to enter the United States duty free. In 2010, Jordan and the United States signed a Free Trade Agreement (FTA) that continued Jordan's preferential duty free and quota free status.<sup>2</sup>

Today, the apparel industry accounts for about 19 percent of Jordan's total exports, exceeding USD 1.6 billion. The industry saw a 6 percent increase in apparel exports in 2016. Apparel exports are mostly to the United States market. There are currently 81 exporting garment factories in Jordan, among which 35 are direct exporters, 30 are subcontracting factories and 16 are satellite units. The industry employs over 65,000 workers, with about 16,000 Jordanians and over 49,000 foreign



workers.<sup>3</sup> Most garment factories in Jordan are located in the three largest QIZs in Dulyal, Irbid and Sahab.

A unique characteristic of Jordan's garment industry is its dependence on migrant workers. About 75 percent of the workforce is comprised of migrant workers, mostly from South Asia and South-East Asia. The countries most represented are Bangladesh, India and Sri Lanka. Workers are also recruited from Nepal, Myanmar, Pakistan, Madagascar and Cambodia. As in most garment industries, women make up the majority of the labour force, representing about 70 percent of the workforce in Jordan's apparel industry. In addition, labour migration requirements in both the sending countries and in Jordan control the inflow of male and female workers from different countries. At present, the Indian and Pakistani governments only allow men to apply for jobs in Jordan.

During the third quarter of 2016, the reported overall unemployment in Jordan was 15.8 percent.<sup>4</sup>

The unemployment rates for the male and female were 13.8 percent and 25.2 percent, respectively. As an ongoing initiative to create employment in various regions across the country, the Government of Jordan continues to support the creation of 'satellite units' in partnership with garment manufacturers for the employment of local workers. These satellite units are small subsidiaries of larger garment factories outside of QIZs and in proximity to population centers. There are currently 12 satellite units employing over 4,000 local workers, and 2 new satellite units are currently under construction.<sup>5</sup> As documented in 2016, Jordanians make about 25 percent of the total workforce employed in the apparel industry.

Figure 1. Employment in Jordan's garment industry.

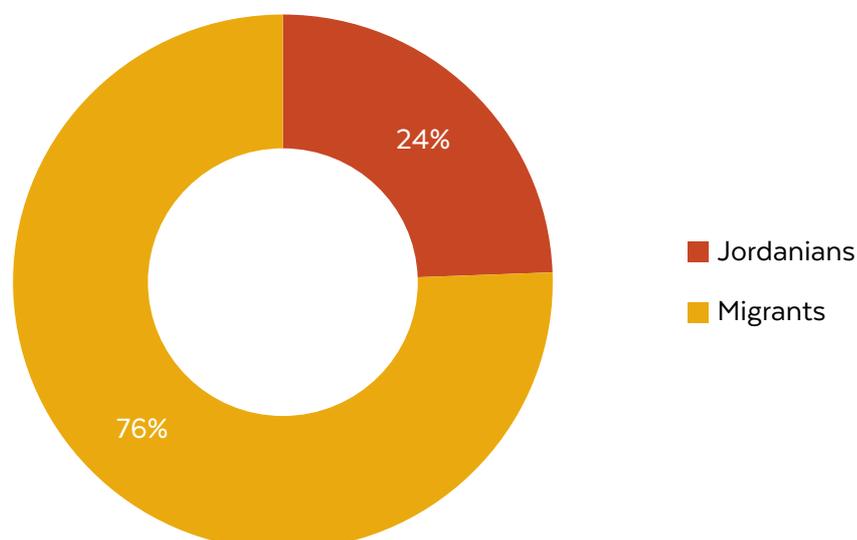
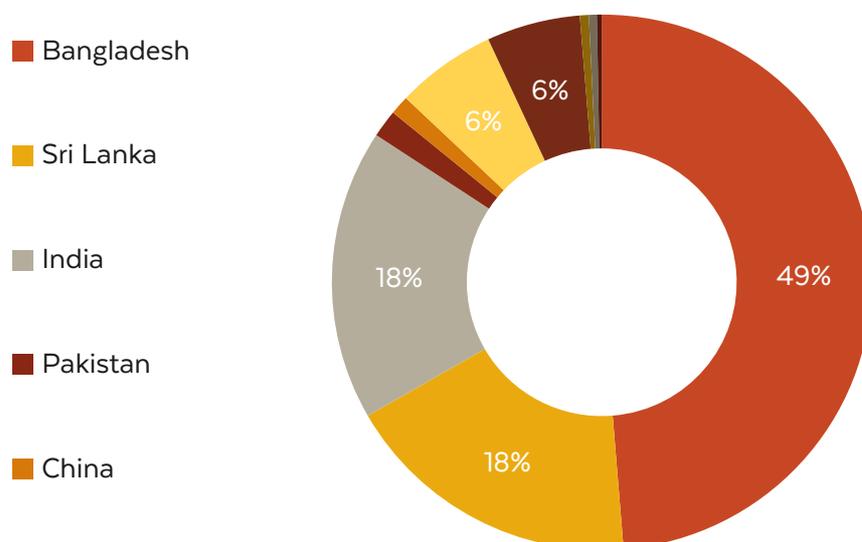




Figure 2. Country of origin of migrant workers



## Better Work Jordan

Better Work, a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), worked in collaboration with local and international stakeholders to design the programme in Jordan. Better Work Jordan was launched in 2008 at the request of the Government of Jordan. The goal of the programme is to reduce poverty in Jordan by expanding decent work opportunities in the garment sector. The programme also aims to improve competitiveness of the industry by ensuring compliance with the Jordanian Labour Law and the ILO's Core Labour Standards and by enhancing economic performance at the enterprise level.

The United States Agency for International Development (USAID) funded Better Work Jordan from 2009 to 2014. The United States Department of Labor (USDOL) became the programme's major donor in 2014.

Manufacturer enrollment in the programme was voluntary at the time of Better Work Jordan's inception. In 2010, the Ministry of Labour (MoL) made the programme mandatory for all garment factories and their subcontractors exporting to the United States and Israel. This decision became effective in mid-2011. There are currently 72 factories registered in the programme – 35 direct exporters, 25 subcontractors and 12 satellite units. The registered factories this year is lower than the previous reporting period (75 factories) as one factory closed voluntarily in 2016, another one is currently not operating, and the last one is presently not exporting. Based on a list provided by the MoL and names received from other suppliers, an additional 7 factories – 3 subcontractors and 4 satellite units – should join the programme next year. Two of



these factories are under construction and one only operates on seasonal orders. The MoL issued warning letters to four factories that are unresponsive to this requirement. In addition to the MoL list, Better Work Jordan has also received names of 2 additional subcontracting factories from suppliers. These 9 factories employ about 500 workers.

The Better Work Jordan programme engages with participating factories by conducting independent assessments and offering advisory and training services. In addition, Better Work Jordan shares information with all stakeholders and uses its aggregate data to engage the local stakeholders. The programme is advised by a tripartite Project Advisory Committee (PAC), comprising of representatives from the government, employer organizations and worker organizations.<sup>6</sup> The PAC has played an important role in building support from stakeholders for the programme, identifying challenges and building tripartite consensus around proposed solutions. The PAC holds regular meetings where members discuss industry updates and brainstorm action points. The PAC is complemented by an annual Buyers' Forum, which provides for a broader consultation with the stakeholders.

## Key figures from 2016

This report is based on findings collected in 67 factories. Although a total of 78 assessments were conducted between November 2015 and December 2016, only the latest assessment findings were used in cases of double reports. There were no instances of access denial during the reported period.

In addition to training for factories, Better Work Jordan also arranged and facilitated workshops for national stakeholders. The programme conducted a number of Labour Inspector trainings during this period, including an induction training on management systems for 63 Labour Inspectors, a one-day training on the issues subject to public reporting for 16 Inspectors, and a workshop on public reporting attended by 116 Labour Inspectors. Better Work Jordan also assisted the Japanese International Cooperation Agency (JICA) and the MoL to organize a training session on workers with disabilities for 10 Labour Inspectors.

## Industry Developments

The emergence of the apparel industry in Jordan has presented several challenges in assuring the implementation of International Labour Standards and the Jordanian Labour Law. Over the past two decades, the sector has seen some important developments with direct implications for the industry, and 2016 has been an eventful year for the industry.

### COLLABORATION WITH THE MINISTRY OF LABOUR

Building national stakeholder capacity is critical in monitoring and sustaining compliance in the garment industry. In 2010, the MoL and Better Work Jordan signed a



collaboration agreement that included quarterly meetings, inspector training and a Zero Tolerance Protocol for addressing human rights violations. The 2010 agreement did not clearly define what the two parties considered human rights violations. This collaboration agreement was updated in December 2016. The second agreement clearly defines certain non-compliance findings relating to child labour, forced labour, sexual violence and worker safety and health as zero tolerance issues – and recommends required actions for each violation. The agreement’s Cooperation Plan includes Better Work Jordan training MoL Inspectors and further collaboration and cooperation between the two entities. In December 2016, Better Work Jordan trained 116 Labour Inspectors on public reporting and will continue to conduct training on how to perform factory assessments, and provide advisory services and training to factories and employees.

### **COLLECTIVE BARGAINING AGREEMENT**

The sector-wide Collective Bargaining Agreement (CBA) was first signed in May 2013.<sup>7</sup> Drafting for a new proposal for the next round of CBA negotiations started in 2014, and the trade union and employers’ association signed an agreement in 2014 to quantify migrant workers’ in-kind wages. In addition, the agreement also instructs employers to include the in-kind wages when calculating overtime wages and other benefits. All factories covered by the CBA are required eliminate the differences in the calculation of overtime and benefits for Jordanian and foreign workers by the end of August 2017. This provision is expected to eliminate the discrimination in payment between Jordanian and migrant workers.

The second two-year CBA signed in 2015 included guidelines for the implementation of a Unified Contract for migrant garment workers.<sup>8</sup> The Unified Contract was a landmark initiative taken in response to the use of prohibited terms and conditions in the employment of migrant workers. While the industry has made commendable progress in implementing the CBA, non-compliance in its complete implementation remains high.<sup>9</sup> All factories in this report have started implementing at least some requirements in the CBA, if not all. The industry stakeholders are currently preparing for the upcoming negotiations to renew the sector-wide CBA by the end of this year. Better Work Jordan and the ILO will provide support to the national stakeholders in the process.

### **THE USDOL REMOVED JORDAN FROM FORCED LABOUR LIST**

The USDOL removed garments produced in Jordan from its 2016 Trafficking Victims Protection Reauthorization Act (TVPRA) list. The report stated, “the incidence of forced labour in the production of garments in Jordan has been significantly reduced.”<sup>10</sup> While the TVPRA list is primarily meant to raise public awareness and promote efforts to combat Child Labour and Forced Labour, it often serves as a catalyst for building a strategic and focused coordination to fight forced labour. In the case of Jordan, the removal of the garment sector was a result of targeted action and coordination between various stakeholders, including the Government of Jordan, the ILO, international garment buyers, employers’ associations, and the union. The MoL and



Better Work Jordan have a zero-tolerance policy towards certain non-compliance findings relating to Forced Labour, and have developed a protocol to streamline the processing of such cases in the apparel sector.

### **THE JORDAN COMPACT**

Jordan has historically been host country for refugees from its neighboring countries. The most recent refugee influx has been due to the ongoing Syrian crisis. Jordan is currently hosting over 635,000 Syrian refugees registered with the United Nations High Commissioner for Refugees (UNHCR). During the Supporting Syria and the Region Donor Conference (the London Conference) in February 2016, and following the suggestion from the international community, the Government of Jordan agreed to implement measures to create jobs for Jordanians and Syrians over the coming years. Jordan secured around USD 1.7 billion in grants and grant equivalents for its refugee response plan until 2018. The document titled the “Jordan Compact: A New Holistic Approach between the Hashemite Kingdom of Jordan and the International Community to Deal with the Syrian Refugee Crisis” pledged support for Jordan’s growth agenda. The key pillars of the compact include attracting new investments and opening up the European Union (EU) market with simplified Rules of Origin, creating jobs for Jordanians and Syrian refugees, rebuilding Jordanian host communities, and mobilizing sufficient funds to support the macroeconomic framework. Better Work Jordan hopes to play a relevant role in this vision by promoting decent work opportunities in all enterprises participating in the programme.

### **EU-JORDAN AGREEMENT**

The Government of Jordan and the EU signed a new agreement in July 2016 that allows Jordan to export products to the EU tariff free for a ten-year time span. The new scheme applies to 52 products, including apparel, and is available to producers operating in 18 specified industrial areas and development zones. The EU-Jordan agreement requires that factories have at least 15 percent of Syrian refugees among the total number of workers employed for the first two years and 25 percent afterwards. Simplifying the Rules of Origin is expected to boost investment and create jobs for locals and for the thousands of Syrians refugees in Jordan.<sup>11</sup> In addition, European buyers and brands participated in the 2016 Better Work Jordan Buyers’ Forum, among other purposes, to familiarize themselves with the Jordanian garment industry context and stakeholders. The discussions included the creation of jobs for Syrian refugees in the country’s QIZs. Also, the stakeholders agreed on the fact that raising the level of compliance in the sector is crucial for the industry to expand.

### **UNHCR-ILO PILOT PROJECT TO SUPPORT EMPLOYMENT OF SYRIAN REFUGEES**

Following the London Conference, the UNHCR engaged with the MoL to discuss ways to enable Syrian refugee access the formal employment sector and reached an agreement to start a pilot project by providing 2,000 work permits to Syrian refugees to work in the garment sector. UNHCR started collaborating with Better Work Jordan



for the pilot in March 2016. Initial steps included advocacy, job fairs, identification of factories and issuance work permits. The existing Unified Contract for migrant workers in the garment sector was adopted and adjusted by the UNHCR to reflect the needs of the refugees. In April, the MoL, Jordan Garments, Accessories & Textiles Exporters Association (JGATE) and the country's garment union agreed to the modifications to the Unified Contract to include Syrian refugees in the workforce. The amended Unified Contract clearly states employment conditions and takes into account the Syrians' refugee status. The project initially planned to employ 2,000 Syrians in Jordan's garment industry. As of December 2016, 30 Syrian refugees had entered the sector.

### **PUBLIC REPORTING**

In November 2016, the Government of Jordan agreed to the public reporting by Better Work Jordan of factory-level compliance information on 29 issues, spanning freedom of association and collective bargaining, discrimination, child labour, forced labour, wage payments, contracting procedures, and various aspects of OSH.<sup>12</sup> Public reporting was among the conditions required by the World Bank in its recent aid to help boost the local economy. Factory assessment data for factories having at least their second assessment from January 2017 onwards will be published following the launch of public reporting in July 2017. In preparation for this factory-level public reporting, Better Work Jordan held an industry learning seminar for factory managers in November 2016. The seminar was attended by 29 representatives from 21 exporting factories. Better Work Jordan trained 116 Labour Inspectors in December 2016 on the various legal areas covered under this initiative. The introduction of public reporting in Jordan is part of a wider initiative to publicly report factory-level compliance information in all Better Work countries by the end of 2017.

### **MEMORANDUM OF UNDERSTANDING BETWEEN THE MINISTRY OF LABOUR AND THE MINISTRY OF HEALTH**

In October 2016, the Ministry of Health (MoH) and the MoL signed an agreement that entrusts MoL officials to inspect the dormitories where migrant garment workers reside. Until recently, the MoH was responsible for dormitory inspections. Labour inspectors will now be allowed to visit and assess the factory dormitories and monitor health and safety related concerns. As per the agreement, MoH will train around 80 Labour Inspectors working in the industrial zones to undertake dormitory inspections. The Better Work Jordan team will share cases studies with the MoH during these trainings. This agreement is an important step in ensuring decent living conditions in factory dormitories. Given the high number of migrant workers in the industry, factories are required to provide food and accommodation to foreign workers.

### **WORKPLACE NURSERIES**

As noted earlier, the unemployment rate for women (25.5 percent) in Jordan is much higher than the overall country rate (15.8 percent). Better Work Jordan and local stakeholders have been campaigning for the creation of workplace nurseries to help mothers continue working after having children. Article 72 of country's Labour Law



stipulates the provision of workplace nurseries in enterprises where more than 20 women are employed with at least 10 children under the age of four. This law has not translated into practice. There were 6 on-site nurseries in the garment sector in 2016.<sup>13</sup> As women make up 70 percent of the workforce in the garment section, adding nurseries is likely to further encourage female workers to join or retain work in the garment industry. SADAQA, a Jordanian NGO, noted that one of the main reasons why women are absent from job market is the absence of on-site nurseries. Encouraging and sustaining female employment is an important step to tackle the high unemployment rate in Jordan. Better Work Jordan will continue to present a business case for on-site nurseries to its participating factories.

### Factories in the sample

As stated earlier, this report presents findings of the 78 assessments of 67 factories carried between November 2015 and December 2016. The latest findings are used for factories assessed twice during this period.<sup>14</sup> Among the 67 factories, 35 are direct exporters, 20 are subcontractors and 12 are satellite units. In terms of size, most factories employ over 100 workers. There were 7 new factories in the programme and that finished Cycle 1, and the average Cycle in this reported period was 4.<sup>15</sup> The majority of the factories (64 percent) finished Cycle 5 and above, indicating the maturity of factories in the programme.

Figure 3. Factory Type

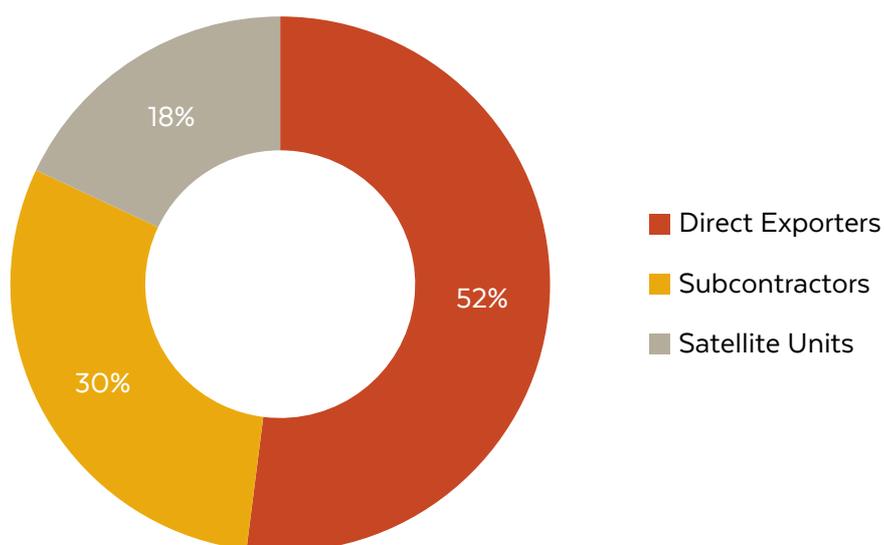




Figure 4. Factory Size

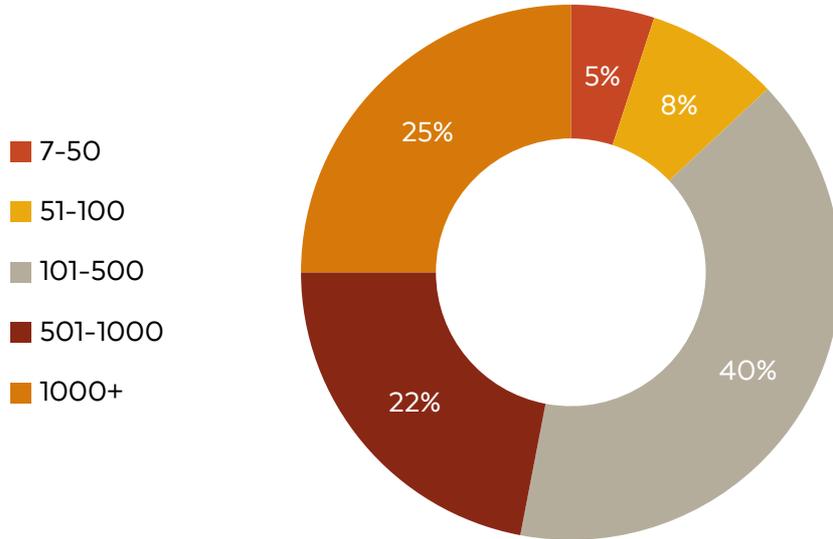
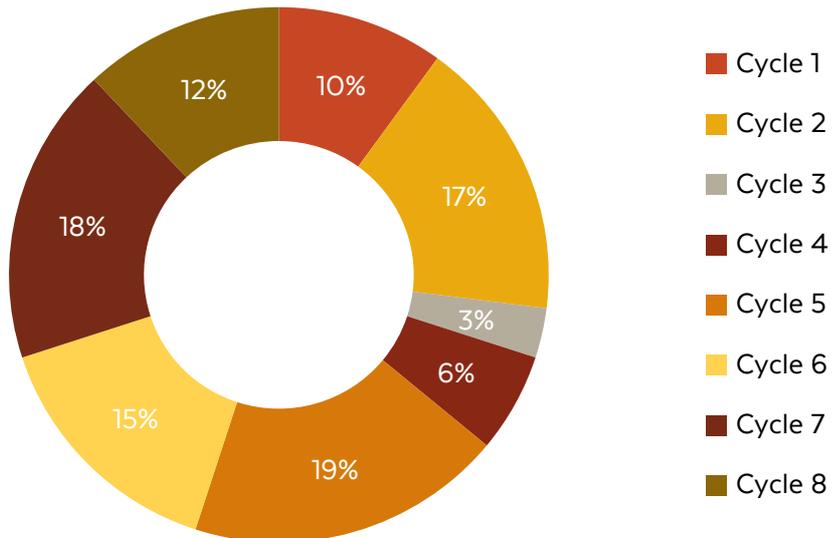


Figure 5. Better Work Cycle



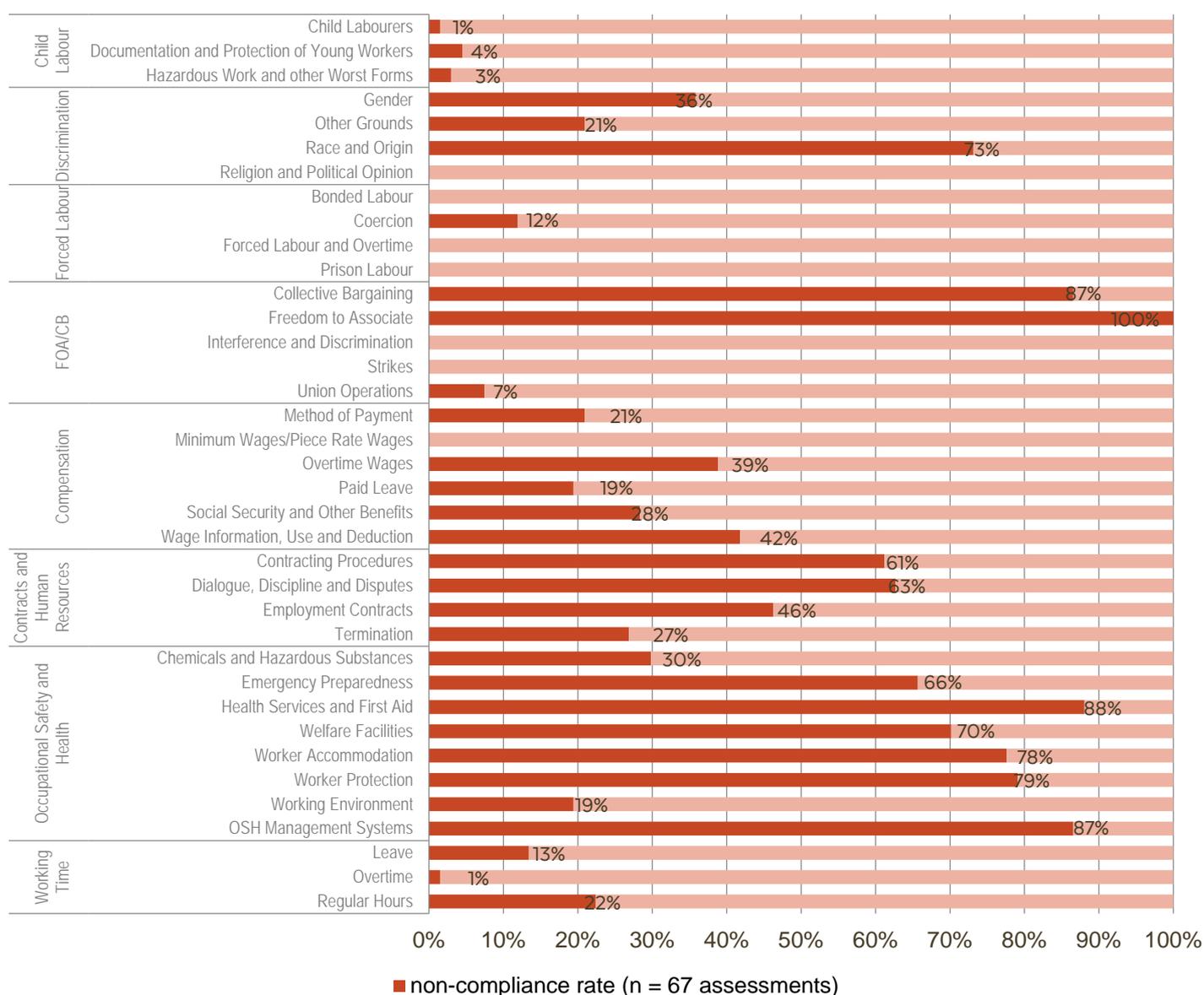


## Section II: Findings

### Compliance Situation

Figure 6 summarizes the non-compliance rates for the 67 assessed factories in the reported period. Non-compliance rates along with the number of factories are reported for each cluster points under the eight Core Labour Standards and Working Conditions Clusters. Detailed individual discussions are presented in the following section.

Figure 6. Non-Compliance Rate by Compliance Point.





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## Detailed Findings

### Child Labour

Article 73 in the Jordanian Labour Law states that the legal minimum age for employment is set at 16 years of age and workers below 18 years old can legally work in factories within a limited range of tasks and hours. Although the Labour Law itself does not specify whether this is equally applicable to both local and migrant workers, eligibility requirements for labour migration in both the country of origin and in Jordan, factory regulations and buyers' compliance codes of conduct, all unanimously require migrant workers to be at least 18 years of age. Recruitment of migrant workers below the age of 18 is categorized as trafficking under the Anti-Trafficking governmental unit.<sup>16</sup>

Child labour is often difficult to prove in Jordan, as some cases are related to young migrant workers obtaining official passports with forged birthdates. Passport forgery can take place individually or through a service provider. In order to prevent migration of children with forged passports, recruitment agencies and employers are responsible for data verification. Prevention of child labour largely depends on working with reliable recruitment agencies. Ultimately, factories are responsible for verifying worker's age before they leave their home country. The recently updated collaboration agreement between Better Work Jordan and the MoL clearly state the procedures for dealing with child labour for both Jordanians and foreign workers.<sup>17</sup> In the agreement, Child Labour and Human Trafficking and Forced Labour non-compliance findings fall under zero-tolerance policy. Better Work Jordan continues to report violations to the MoL and the workers' respective embassies.

It is worth noting that the following cases involve three factories. One factory was proactive about taking the necessary steps to address the problems. The other two – which fall under the same management – did not show adequate commitment to tackle the issue, and one of them simply resorted to terminating the workers.

#### CHILD LABOURERS

In the reported period, Better Work Jordan found one factory with a Jordanian worker below the age of 16. Management was informed that an underage worker was working in the factory with her mother but was outside for an errand. When the worker could not be found on the second day of assessment, the case was reported to the MoL. The MoL issued a warning letter to factory upon receiving a receiving a zero tolerance report from Better Work Jordan. In a following advisory visit, the Enterprise Advisor found that the underage worker was terminated soon after the assessment.



The MoL and Better Work Jordan revised their collaboration agreement in December 2016. The revised agreement outlines the necessary steps in cases of child labour, and should help facilitate better outcomes in similar cases. In cases involving underage Jordanian workers, MoL will coordinate with the Ministry of Social Development (MoSD) and the Ministry of Education (MoE) to make necessary recommendations for the minor. In cases involving underage migrant workers, MoL will work with the competent institutions including, e.g., the National Committee to Prevent Trafficking in Persons, employers, recruitment agencies (if any), embassy staff, the minor, the child's family, representatives of the workers union and the workers association, buyers, NGOs, and healthcare and counseling service providers to ensure that the situation is handled in the best interests of the child.

### **DOCUMENTATION AND PROTECTION OF YOUNG WORKERS**

Three factories were found non-compliant with adequate documentation requirements for workers under the age of 18, and 2 of these factories were under the same management. Two of these cases concerned juvenile Jordanian workers, and the other involved two Bangladeshi migrant workers.

In one case, although the factory was able to provide the juvenile worker's birth certificate and a written approval from the guardian, they were unable to present a certificate of fitness approved by the MoH.<sup>18</sup> In the second case, two Jordanian workers were documented and only one was able to prove that she was above 16 years old presenting her national ID. The other worker was unable to provide any document for age verification. The management noted that both workers were hired two weeks before the assessment, and the second worker was asked to obtain her national ID in the coming weeks. The worker who was unable to provide any document for age verification was the same worker reported under the Child Labourers compliance point. The case was reported to the MoL and the Enterprise Advisors found that the child was terminated shortly after the assessment.

In the third factory, the Enterprise Advisors found two newly recruited Bangladeshi workers under the age of 18. During the interviews, the workers confirmed that the dates on their passports were incorrect and they were under 18 years of age. The Jordanian Law does not allow unaccompanied minors to work in the country as migrant workers, and migrant workers under the age of 18 are treated as cases of human trafficking. The case was reported to the MoL in September 2016, and the management said that they would contact Bangladesh Overseas Employment and Services Ltd. (BOESL) concerning the matter.<sup>19</sup> Better Work Jordan received an official letter from the MoL a week later stating that the Labour Inspectors confirmed the presence of three cases of child labour in the factory (two were identified by Better Work Jordan and one by the factory).

In October 2016, the factory management sent copies of the final settlements and air tickets to Better Work Jordan confirming that the workers were sent back to Bangladesh. The management informed Better Work that it had requested BOESL to



help put the workers in contact with training and educational institutions. As indicated above, the Zero Tolerance Protocol should help ensure better outcomes in similar cases in the future.

### **HAZARDOUS WORK AND OTHER WORST FORMS**

Jordanian Labour Law prevents workers classified as minors to work more than 6 hours a day or work overnight. The law also requires that the workers are granted an hour-long break for every 4 hours worked. Two factories were found to be violating these requirements. In both cases, two Jordanian female workers were found working 8 hours per day, without any pause after the above-mentioned 4-hour shifts of work and occasionally working overtime. In one of these factories, the nature of the operations required handling chemicals, which is considered hazardous work for juvenile workers. In the follow-up process, one factory was found to have dealt with the case by simply terminating the identified workers.

## **Discrimination**

Non-compliances under the Discrimination compliance point are concentrated in Gender, Other Grounds and Race and Origin. As often is the case in Jordan, non-compliance in Discrimination deals with differences in payment of financial benefits between Jordanian and foreign workers, gender based differences in recruitment fees and procedures in country of origin, and employment of workers with disabilities.

### **GENDER**

Discrimination related to gender primarily stems from issues related to recruitment. While monitoring the collection of recruitment fees in the countries of origin can be challenging, Better Work Jordan continues to report and advise on fair recruitment practices to factories, the MoL and respective embassies.

Twenty-one factories (31 percent) were found to be referring to applicant's gender or using gender as a deciding factor in hiring and for other workplace opportunities. Most cases under this cluster point involved the recruitment of male Sri Lankan migrant workers. On average, Sri Lankan men were found to be paying higher recruitment fees than Sri Lankan women. Newly recruited Sri Lankan men reported paying up to USD 600, whereas the average for a Sri Lankan woman was about USD 200. In two cases, Malagasy men described paying about USD 400-600 in recruitment fees, whereas Malagasy women reported paying about USD 150-200. This difference in recruitment fee is considered discriminatory if based on gender. Such gender-based differences are attributed to the lower demand for male workers and are further highlighted under the Contracts and Human Resources section.

Another discriminatory practice in hiring is the requirement for female job applicants to undergo pregnancy tests. Since these tests are not explicitly required by the factory in any recruitment-related documents and hiring criteria, such cases have been noted but



not reported as non-compliant in assessment reports. Pregnancy tests were documented in 38 factories among workers recruited from Bangladesh, Sri Lanka, Nepal, Myanmar and Madagascar. In all 38 factories, the management noted that this was a requirement set by the recruiting agencies in home countries. Similar accounts were noted from Bangladeshi, Sri Lankan and Nepalese workers who stated that they went through two separate medical tests, the first of which was to check their fitness for employment and the second was a pregnancy test, conducted 2-3 days prior to their departure. Several factories had immediately communicated with their respective agencies to stop this practice and have shared their communications with Better Work Jordan. This issue was discussed during the PAC meeting in July 2016, and the stakeholders agreed that Better Work Jordan would mention gender-based discrimination when an employer requires pregnancy tests and also work with other ILO departments focusing on migrant workers.

Factories often cite security reasons for imposing curfews on women in factory dormitories. Regardless, such impositions restrict a workers' freedom of movement. In this reporting period, 5 factories (7 percent) were non-compliant due to unequal treatment of men and women on dorm curfews. In all cases, factories were found imposing curfews in only female dormitories. For factories that do comply with this requirement, some maintain sign-up sheets to keep track of the workers' whereabouts and stay informed in case of emergencies such as harassment and theft.

### **OTHER GROUNDS**

The 21 percent non-compliance rate in the Other Grounds compliance point is due to 14 factories that were unable to meet the requirement of employing workers with disabilities. It is important to note that the legal requirements for the employment of disabled workers are quite strict in Jordan, which leads to factories failing to meet the legal quota. The hiring quota for persons with disabilities requires factories to employ at least one person with disabilities if the workplace has 25-50 workers and at least 4 percent of the workforce if the factory has more than 50 workers. Furthermore, as decided among national stakeholders, the quota is to be based on the number of Jordanian workers only. Table 1 presents the number of Jordanian workers, the applicable minimum quota and the actual number of disabled workers employed.



Table 1. Breakdown of factories non-compliant in hiring workers with disabilities.

No.	# of Jordanian workers	Minimum Requirement	Employed
1	39	1	0
2	60	2	1
3	66	3	1
4	70	3	1
5	157	6	0
6	185	7	2
7	323	12	10
8	393	16	6
9	398	16	13
10	421	17	16
11	500	20	15
12	505	20	12
13	603	24	15
14	603	24	15

*Note: Factory no. 13 and 14 are under the same license.*

It can be seen that only 2 of the non-compliant factories did not employ any workers with disabilities. Factories often cite difficulty in training and recruiting workers with disabilities. Job announcements are usually sent to the MoL through which eligible candidates are forwarded to the factories and one of the factories has been working with the Higher Council for Affairs of Persons with Disabilities to meet this requirement.

### RACE AND ORIGIN

Discrimination in pay is largely due to inaccurate calculation of overtime wages and other benefits for migrant workers. Forty-nine factories (73 percent) were found to be non-compliant. There are two parts to this finding. The first is related to the industry-wide practice of different wages for migrant and Jordanian workers, and the second part is related to the payment of seniority bonuses. Eight factories have already eliminated the discriminatory pay practice ahead of the required date.

As of January 2013, the Labour Tripartite Commission set the monthly minimum wage at JOD 190 for Jordanian workers in the garment industry, but the minimum wage for



migrant workers remained at JOD 110 per month. An Addendum to the sector-wide CBA addressing the discrimination in payment of overtime and financial benefits was agreed to in December 2014.<sup>20</sup> All factories will be required to use the same base wage when calculating overtime and benefits for Jordanian and non-Jordanian workers, through the gradual incorporation of migrant workers' in-kind payments to their base wage.<sup>21</sup> This is expected to eliminate discrimination in this regard by August 2017.

With the exception of 2 cases, all factories have started to implement this requirement and are expected to overcome the non-compliance by August 2017; until then Better Work Jordan is reporting this as non-compliance.

Regarding the exceptions, one factory incorrectly implemented the in-kind amounts by capping it to a basic salary of JOD 150 in cases where the basic wage should have been JOD 160 (including JOD 50 in-kind). In the same factory, the final settlement payments also excluded the in-kind amount and were only calculated based on the JOD 110 minimum wage. The second factory delayed the implementation of this requirement as they only started to add the in-kind of JOD 40 from July 2016, even though the Addendum was applicable since August 2014. Nevertheless, the factory is expected to overcome this discriminatory practice as per the stipulated time.

Eight out of the total 49 non-compliant factories have fully implemented the Addendum a year ahead of the stipulated deadline, but they have been reported due to the inaccurate implementation of seniority bonuses. The seniority bonuses were implemented differently based on nationality and thereby benefited migrant workers more than their Jordanian co-workers. On the other hand, in the same factories, attendance bonuses were only provided to Jordanian workers to encourage regular turnout, which management stated was not an issue for migrant workers.

Differences in the implementation of seniority bonuses for migrant and Jordanian workers also resulted in 2 additional non-compliant factories under this compliance question. There are 3 different sector-wide agreements that affect annual seniority increments. Confusion related to how to apply each of these successive agreements has resulted in non-compliances under the Race and Origin, as well as the Wage Information, Use and Deductions compliance points.

As per the first agreement in February 2012, migrant workers were entitled to receive a one-time seniority increment based on their years of service.<sup>22</sup> The second agreement mandated that all migrant workers who had completed at least one full year of service on May 25, 2013 should be awarded JOD 5 as a recurring annual increment until the expiration of the agreement in May 24, 2015. Jordanian workers were also entitled to receive seniority increments of JOD 5 starting January 1, 2014.<sup>23</sup> The continuity of the second agreement beyond its expiration was granted in an updated CBA signed on August 1, 2015. The third agreement signed, in August 2015, additionally increased the annual increments to JOD 6 and JOD 7 for workers who had completed six and seven years of service, respectively. Contrary to these agreements, one of the non-compliant factories only implemented the first agreement instead of all three. The second factory



implemented their own incentive system which did not correlate with the sector-wide agreements.

Better Work Jordan is increasingly finding cases of Jordanian and non-Jordanian workers being provided different working hours during Ramadan to accommodate Muslim workers who are fasting. In a number of cases, Jordanian workers are granted shorter working hours than non-Jordanian workers. This is cited as non-compliance under the question that covers conditions of work, and pay if pay is affected. While Better Work applauds the efforts by employers to accommodate workers' religious practices, these differences in working hours disproportionately affect certain groups of workers on the basis of prohibited grounds. The programme is discussing the issue with ILO experts in an effort to identify workable solutions that accommodate workers' religious practices in a non-discriminatory manner.

**Table 2. In focus Table: Race and Origin**

	# of factories found NC	NC rate by question
Is an applicant's race, colour, origin or citizenship status referred to in recruitment materials and/or a factor in the employer's decisions regarding hiring, termination or retirement of workers?	0	0%
Is race, colour, origin or citizenship status a factor in decisions regarding conditions of work and/or opportunities for promotion or access to training?	17	25%
Is race, colour, origin or citizenship status a factor in decisions regarding pay?	49	73%
Is there harassment of workers on the basis of race, colour, origin or citizenship status?	0	0%

## Forced Labour

In the reported period, all non-compliances in Forced Labour are reported under the Coercion compliance point. Certain non-compliance findings relating to Forced Labour are considered Zero-Tolerance issues, and are followed up with appropriate action. Given that the majority of workers in the garment industry are non-Jordanian, Better Work Jordan pays special attention to ensuring workers have access to their passports and that their work permits are renewed on time. Having access to their personal documents, especially passports and work permits, is essential to maintaining workers'



security and freedom of movement. Although the management often states that they keep workers' security reasons, this practice cannot be justified under any circumstances.

## COERCION

Seven factories (10 percent) were documented keeping workers' personal documents (passports, worker permits or ID cards) with the management, obstructing workers' access to their documents, and thus found to be non-compliant. One of the factories voluntarily shut down in 2016.

Interviewed Burmese, Cambodian and Sri Lankan workers in 2 factories reported that their passports were kept by the management appointed 'Passport Committee.' The Enterprise Advisors found that the passports were locked in a room inside the dorms and that no registers were kept to indicate that the workers had access to their documents. This issue was immediately raised with the management, and during the most recent advisory visit, workers in both factories reported that the management had returned their passports. Both of these factories were direct exporters and under the same management. One of the factories employs about 750 workers and the other over 1,600 workers, majority of whom are of Sri Lankan origin.

In the remaining 4 non-compliant factories, all interviewed migrant workers reported that their passports, permits and/or ID cards were kept with the management. Two of these factories quickly rectified the issue, and the other 2 corrected the problem after they were reported to the MoL.

Interviewed migrant workers in one factory mentioned that the production managers kept their passports since their arrival at the airport. Twelve Bangladeshi and 3 Indian migrant workers were interviewed during this assessment. The Enterprise Advisors found documents in Arabic as well as the workers' native language stating that the workers had asked the management to keep their passport, but there were no dates on these documents. Workers noted that they were in possession of their work permits and residency cards. This issue was immediately raised to the management, who later returned the passports to the workers. This information was later verified by an Enterprise Advisor. This factory has an overall non-compliance rate of 17 percent and was in Cycle 5. The factory employs about 160 workers and is a subcontractor.

In another factory, all interviewed migrant workers (13 Bangladeshis and 6 Indians) stated that the management had kept their passports, work permits and ID cards for the past seven months. The management stated that they were having financial problems and were unable to renew the workers' permits and residency. In the following advisory visit, the Enterprise Advisor verified that the management had returned all passports. This factory had an overall non-compliance rate of 23 percent and was in Better Work Cycle 5. The factory is a subcontractor and employs about 100 workers.



The remaining 2 factories were reported to the MoL based on the Zero Tolerance Protocol after they failed to return the documents. Both factories were subcontractors and employed about 200 workers. Interviewed migrant workers in one of these factories stated that they had not signed any consent forms to allow the management to retain their passports. In addition, 13 workers who were going to return home reported that they would only be provided with their passports once they were at the airport. The case was reported to the MoL, and Better Work Jordan received a letter from the MoL that the factory had returned all passports. The information was verified by an Enterprise Advisor.

For the second factory reported under the Protocol, all interviewed migrant workers reported that the management took their passports upon arrival at the airport and denied workers' access to the documents. The workers noted that after worker stoppage in November 2015, the management had returned all passports but took them back for renewal in early 2016. In addition, the management made the workers sign a form stating that the management had returned their passports that they were in the workers' custody. The factory was immediately reported to the MoL for Forced Labour. The MoL sent a letter to Better Work Jordan stating that the factory had agreed to return all passports. Better Work Jordan was able to verify this statement in conversation with the factory management and through reviewing workers' files. This information is yet to be cross-checked through interviews with workers.

Five of the 7 factories are subcontractors to exporting factories, and most are small or medium sized. Monitoring and sustaining compliance in subcontracting factories is often difficult, as they tend to rely on unpredictable orders and are commonly not subjected to buyers' regulations and audits. Plus, buyers often do not subscribe to Better Work Jordan assessments for subcontracting factories.

One factory was documented restricting workers' freedom of movement. In this factory, interviewed female migrant workers reported that they were not allowed to leave the dormitory after 9:30 PM on weekdays. There was no assigned warden for this dormitory, so the male dorm leader would lock the door from outside after serving dinner. The management noted that they would further look into this issue.

## **Freedom of Association and Collective Bargaining**

Given the Jordanian legal context, assessing non-compliances under Freedom of Association is complex. The Jordanian law stipulates a single trade union structure and forbids workers from forming unions of their own choosing, and thus 100 percent non-compliance is reported for the Freedom to Associate compliance point. The second highest non-compliance rate is observed under Collective Bargaining, where 13 factories were non-compliant with informing workers about the CBA and 58 factories were non-compliant in implementing the CBA. The reasons behind this high non-compliance in the industry are discussed below.



## COLLECTIVE BARGAINING

Thirteen factories (19 percent) were non-compliant with informing their workers about the CBA. Employers are required to post CBAs on a special notice board at the workplace and should also inform workers about the various provisions. In 5 cases, between 40–60 percent of the interviewed workers were unaware of the CBA's existence. In 7 factories, there were no informational materials on unions and the CBA posted around the workplace, although most had started implementing other provisions of the CBA. Four factories stated that informing workers about the CBA is the union's responsibility and that the union does not regularly visit the factory.

Although a number of factories have started implementing various components of the CBA, factories are recorded as non-compliant if they fail to implement any individual provision of the CBA. Fifty-eight factories (87 percent) were non-compliant in implementing the CBA. In order to provide a comprehensive depiction of the factories' progress in implementing the CBA, the analysis is broken down by different requirements in Annex E.

Table 3. In Focus Table: Collective Bargaining

	# of factories found NC	NC rate by question
Are workers informed about the CBA?	13	19%
Does the employer refuse to bargain collectively or refuse to bargain in good faith with the union, worker representatives, union federations or confederations?	0	0%
Has the employer failed to implement any of the provisions of the collective agreement(s) in force?	58	87%



## FREEDOM TO ASSOCIATE

All 67 factories were non-compliant in allowing workers to freely form and join federations and to freely form and join unions. This non-compliance is due to the contradiction between Jordanian Labour Law and International Labour Standards. The local law prohibits workers from forming their own unions by promoting a single trade union structure. Thus, all factories are reported as non-compliant.

## UNION OPERATIONS

Through interviews, Better Work Jordan discovered that the union was denied access to interact directly with the workers in one factory, although the management personnel would visit the union office to collect posters about the CBA. The interviewed workers in this factory stated that they had never met any union officials in their workplace. Unrestricted union access to the workplace and noticeboards are required under the CBA, and factories are required to post copies of the CBA and Unified Contracts on a special notice board. One factory was found non-compliant with posting information.

The sector-wide CBA requires employers to deduct monthly dues of JOD 0.5 from all union members and to deposit this amount to the Union's bank account by the 15th of each month.<sup>24</sup> Three factories (4 percent) were found non-compliant with this. Two of the factories did not deduct the monthly dues from workers who consented to becoming union members. One of these factories stated that they would start deducting the dues from March 2016. In the third factory, the management was found deducting the union fee from migrant workers without their consent and paying the dues on behalf of Jordanian workers. In their latest statement, the management reported that they had stopped paying the union fee on behalf of the Jordanian workers and that they had also invited the Union to speak with workers about membership.

## Compensation

Non-compliance under Compensation is most commonly related to inaccurate calculation of wages and unreliable records of working hours. Here, the highest rates of non-compliance are found under Overtime Wages (39 percent), Social Security and Other Benefits (28 percent), and Wage Information, Use and Deduction (42 percent).

## METHOD OF PAYMENT

In the reported period, 14 factories (21 percent) were non-compliant for delayed salary payments. In 6 cases, the management and interviewed workers reported being paid their basic salary on time however, the payment of efficiency and other production-related incentives were delayed till the 10<sup>th</sup> to 15<sup>th</sup> of each month. Management answered that due to the more complex calculations in such cases, they were unable to pay these amounts on time and these were also excluded from the workers' pay slips. Another 3 factories paid overtime beyond two hours and Friday work separately and at



a later date. The remaining non-compliant factories noted delays for unstable orders and logistical issues in receiving timely payments from their regional office. Excessive postponement of salary payments was noted in one factory where workers stated that they were being paid every other month since November 2015. The management stated this was due to financial challenges and they were in the process of redesigning the cash flow to address this issue.

### **OVERTIME WAGES**

Factories in Jordan are required to provide 125 percent of regular wages for overtime on normal weekdays and 150 percent for overtime on public holidays. Within the Overtime cluster, 25 factories (37 percent) were non-compliant with paying workers accurate overtime wages and 26 factories (39 percent) were non-compliant with paying workers accurately for overtime worked on weekly rest days and public holidays. Majority of the non-compliant factories failed to meet the requirements for overtime payments because of inaccurate calculations. Fifteen factories did not accurately include fixed allowances, seniority increments and the full in-kind amounts, all of which should be included in the calculation of both regular as well as holiday overtime payments. Factories that were reported non-compliant under the Discrimination cluster in the implementation of in-kind and seniority increments were consequently out of compliance on this point as well. Two factories did not pay their workers 150% of their salaries for hours worked during public holidays.

Due to unreliable time records, the calculation of overtime payments could not be verified in 5 of the non-compliant factories. Reasons for unreliable time records include workers punching out early and continuing work to meet their daily targets, excluding excessive working hours and night shifts, as well as the use of manual handwritten records.

### **PAID LEAVE**

Thirteen factories (19 percent) were non-compliant in the Paid Leave compliance point due to their inability to pay workers correctly for annual leave. In 8 cases, contrary to the legal requirements, weekly rest days were also counted as annual leave. Workers in one factory were not compensated for unused annual leave balance they had accumulated over the previous years. When asked, the management stated that the discrepancy occurred due to a transfer in the factory ownership. Based on the latest CBA, the overtime hours and annual leave for migrant workers should be calculated based on their basic salary, in-kind amount, seniority increments and all other fixed financial allowances. Two factories did not incorporate the in-kind amount when calculating the payment of unused annual leave and another factory did not include both the in-kind and the seniority increment in this calculation.

### **SOCIAL SECURITY AND OTHER BENEFITS**

Four factories (6 percent) factories did not meet the requirements for providing transportation to and from the workplace. As per the CBA, factories are required to



provide transportation if the distance between the factory and workers' accommodation is over 1 kilometer. In 2 of these factories, the management only provided one-way transportation to the workers. In the remaining two cases that have shared management, although roundtrip transportation was available for all eligible workers, the return buses were only available at 6:30 PM instead of 4:30 PM. Enterprise Advisors verified there were no cases of forced overtime, and management also asserted that there are no legal specifications regarding the timing of transportation as long as this service is provided.

The CBA states that factories are required to pay workers a seniority bonus of JOD 5 upon completing each year of employment till the 5th year. Workers are entitled to receive an annual raise of JOD 6 and JOD 7 upon completing 6th and 7th year of employment, respectively. As noted under the Discrimination cluster, starting February 2012 there have been three successive agreements related to the implementation of seniority increments. Because of the improper implementation of these agreements, 10 factories (15 percent) were non-compliant with paying workers the required seniority bonus. These factories either failed to implement all requirements or had their own seniority bonus system in place.

According to the Jordanian law, normal wages include the basic salary and all financial entitlements such as in-kind payments, seniority increments and fixed allowances. When calculating for Social Security, factories should use a sum of these wages. Fifteen factories (22 percent) were in non-compliance with accurately calculating and sending employer contribution to the Social Security Corporation primarily due to incorrect assumption of wages for the calculation of Social Security contributions. When calculating for Social Security, 8 factories did not include the amount for seniority bonus, 4 factories did not include in-kind payments and 1 did not include 'fixed bonus.'<sup>25</sup> Four factories acknowledged the issue and indicated commitment to changing their systems.



Table 4. In Focus Table: Social Security and Other Benefits

	# of factories found NC	NC rate by question
Are workers provided with transportation to and from the workplace?	4	6%
Does the employer correctly calculate and send the employer contribution to the Social Security Corporation?	15	22%
Does the employer correctly calculate, collect, and forward workers' contributions to the Social Security Corporation?	15	22%
Does the employer pay workers the required seniority bonus?	10	15%

### WAGE INFORMATION, USE AND DEDUCTION

Fifteen factories (22 percent) were in non-compliance with keeping one accurate payroll record. Although there is no legal limit to the overtime hours in Jordan, factories still tend to hide their real hours of operation because brands tend to have standards for overtime.<sup>26</sup> Accurate time records are essential in assessing if workers are properly compensated and to ensure suitable working hours. In a number of factories, while overtime hours are not reflected on pay slips, interviewed workers nevertheless reported being paid accurately. Six factories were forthcoming during Better Work assessments, sharing multiple sets of time and payment records. The remaining non-compliant factories either did not share all their records or had unreliable recording systems whereby workers punched out prior to finishing their days work to meet production targets and in 2 cases because of manual handwritten records that did not contain the necessary information such as in and out times and workers' signatures indicating the authenticity of the recorded hours.

Nine factories (13 percent) did not properly inform their workers about wage payments and deductions. In 8 of these cases, although the management had posters in the workplace and conducted a number of meetings, all interviewed workers showed a lack of awareness regarding the seniority bonus system. In one factory, 80 percent of the interviewed migrant workers mentioned they receive JOD 5 allowance after six months, whereas Jordanian workers receive JOD 5 or 10 as an attendance bonus. The management was unable present any specific criteria for this difference.

Seven factories (10 percent) were found making unauthorized deductions form wages. In 5 factories, interviewed Sri Lankan workers stated that the management was



deducting an amount from the salary for two to three months to reimburse for recruitment fees paid in Sri Lanka.<sup>27</sup> The deductions were over 10 percent of the workers' monthly wage, and therefore not in compliance with the Jordanian law. Two other factories were providing loans to workers in case of emergencies or to cover the workers' side of the recruitment fees; these repayments also exceeded the 10 percent threshold. It is important to note that despite the legal requirement for deductions, some factories and their workers have a mutual understanding regarding the use of emergency loans and advances, which is an extra provision for difficult situations. Workers often prefer to pay off these loans through fewer installments. While there is a possible risk for bonded labour under such circumstances, all the reported emergency loans were based on workers' request. For recruitment-related loans, the repayment schedules are set by the factory due to a greater number of borrowers. One factory was also recorded making incorrect deductions for workers resigning before the end of their contract.

Table 5. In Focus Table: Wage Information, Use and Deduction

	# of factories found NC	NC rate by question
Does the employer keep only one accurate payroll record?	15	22%
Does the employer properly inform workers about wage payments and deductions?	9	13%
Has the employer made any unauthorized deductions from wages?	7	10%

## Contracts and Human Resources

Contracts and Human Resources is one of the key clusters within the Jordanian context because of the majority migrant workforce. Three out of the 4 compliance points have non-compliance rates over 45 percent – Contracting Procedures at 61 percent, Dialogue, Discipline and Disputes at 63 percent and Employment Contracts at 46 percent.

### CONTRACTING PROCEDURES

Payment of unauthorized recruitment fees by newly recruited workers remains a significant issue under Contracting Procedures with 36 non-compliant factories. This has been consistently observed in factories that hire male Sri Lankan and Indian workers; these are also the second and third most common countries of origin for recruiting skilled migrant workers, respectively. Indian workers paid excessive



recruitment fees ranging between USD 400 up to 1300 and Sri Lankan male workers paid between USD 450 to 650. The differences in recruitment fees paid by Sri Lankan male and female workers is also noted as a discriminatory practice and is further highlighted under the Discrimination cluster. Both workers and management have indicated that in India, middlemen play a key role in gathering potential candidates from distant villages and linking them to licensed recruitment agents based in the cities. As a result, workers often have to pay to multiple parties before they can even reach the agents contracted by Jordanian factories. Because of the widespread network of middlemen, this remains a challenging issue to address.

While Sri Lankan female workers are paying less than USD 300 to recruitment agents in their home countries, male workers are required to pay much higher costs in comparison. Several factories have highlighted that due to the lower demands and limited recruitment quotas for male workers, they have to pay higher bureau fees prior to approaching the agents. The Sri Lankan Bureau for Employment website indicates a standard bureau registration fee of approximately USD 100 with tax. Each job announcement on the website explicitly states the recruitment fees payable to different agents that range between USD 115 to 210. This reveals an obvious discrepancy between the stipulated guidelines and the actual hiring practices of Sri Lankan male workers.

Fifteen of the 36 non-compliant factories hired Nepalese workers. In 8 factories (53 percent), interviewed Nepalese workers reported paying excessive fees between USD 350 to 850. Nepalese workers in 4 factories paid less than USD 300 and workers from the remaining 3 factories did not pay any recruitment fees.

Burmese workers were recruited in 7 of the non-compliant factories during this reporting period. With the exception of one factory, Burmese workers paid excessive recruitment fees ranging between USD 500 to 600. In one particular case, workers had paid USD 300 in their home country and were due to pay another USD 500 through five monthly installments once they had started working at the factory.

Only 2 factories hired workers from Madagascar, all of whom paid excessive fees of USD 400 to 600 to the recruitment agents in their home countries.

Pakistani and Cambodian workers comprise a small percentage of the total migrant workforce and are employed at 10 and 2 factories, respectively. Workers from these two nationalities did not incur any excessive recruitment costs over the past year. Lastly, workers from Bangladesh who represent the majority of the migrant workforce have not paid any excessive fees within the interviewed sample.

High recruitment costs were closely linked with the inadequate recruitment procedures observed in 24 factories. This was particularly the case for recruitment of Indian workers, as 9 out of the 24 non-compliant factories did not maintain any recruitment-related documents for hiring Indian workers and stated that the workers had been recruited through personal references. For the remaining cases, although factories had



all the necessary documentation, the authorities did not verify them. The Indian Embassy in Jordan does not stamp such documents unless factories comply with the Indian governmental requirement of providing a minimum basic salary of JOD 150 to all Indian workers, which is higher than the Jordanian in cash minimum wage of JOD 110 for migrant workers, as per the CBA; the embassy does not consider the in-kind amount as a part of the workers' salary. Only one of the non-compliant factories had all their recruitment documents stamped by the embassy as they falsely noted a minimum basic salary of JOD 150, which is higher than the workers' actual salaries. No documents were maintained for hiring Pakistani workers.

Workers in 10 factories did not have valid work permits and residence IDs. This is an important issue as it can severely restrict workers' movement outside the workplace. In 4 of the non-compliant factories, workers had valid work and residence permits but the factory did not obtain the necessary MoL approval for the temporary transfer of workers from their sister companies. Other reasons for non-compliance were related to expired work permits, no residence permits for workers transferred from factories that have been shut down.

**Table 6. In Focus Table: Contracting Procedures**

	# of factories found NC	NC rate by question
<b>Do the migrant workers have valid work permits and residence IDs?</b>	10	15%
<b>Does the employer consider workers on limited duration contracts who work beyond their term as unlimited duration contract workers?</b>	0	0%
<b>Does the employer pay for the return trip of migrant workers who have been expelled from the country because of an invalid residence ID?</b>	0	0%
<b>Has the employer taken sufficient steps to ensure that migrant workers do not pay any unauthorized fees?</b>	24	36%
<b>Have workers paid unauthorized fees to recruitment agents?</b>	36	54%
<b>Is the probationary period limited to 3 months?</b>	0	0%



## EMPLOYMENT CONTRACTS

All factories employing migrant workers were obligated to fully implement the Unified Contract by the end of 2016. This has been an important measure to significantly reduce non-compliances related to the use of prohibited contractual terms and conditions. For the latter, only 2 cases were noted over the past year for workers recruited in mid-2015, prior to the finalization of the Unified Contract. The majority of the eligible factories have started to use this contract for newly recruited migrant workers, however, there are still misperceptions regarding its implementation for existing workers who have renewed their work permits in 2016. A memorandum of understanding between the industry stakeholders was officially published through a gazette in January 19, 2016 as a guideline for implementing the Unified Contract. Official translations of the contract in the workers' different languages are also accessible through the Better Work Jordan and the workers' union websites with the exceptions of Urdu (Pakistan) and Khmer (Cambodia); 4 factories were found non-compliant in this regard. A total of 21 factories were unable to comply with the Jordanian legal requirements for contracts, often because the contracts were not translated into all relevant languages

Workers are also entitled to receive copies of the signed contract in three different languages – Arabic, English and their native language. Ten factories did not comply with this requirement and only maintained the original signed contracts in the workers' personnel files. A few factories have cited that providing copies in three languages require excessive printouts as each set ranges from 21 to 28 pages, depending on the native language.



Table 7. In Focus Table: Employment Contracts

	# of factories found NC	NC rate by question
Do all persons who perform work for the factory, both on the premises and offsite, have a contract?	6	9%
Do the employment contracts comply with Jordanian legal requirements?	21	31%
Do the employment contracts specify the terms and conditions of employment?	4	6%
Do the factory bylaws comply with Jordanian legal requirements and were they communicated to workers?	9	13%
Do workers understand the terms and conditions of employment?	0	0%
Does the employer maintain a personnel file for each worker?	5	7%
Does the employer provide workers with a copy of their contract?	10	15%

## DIALOGUE, DISCIPLINE AND DISPUTES

Verbal abuse is one of the key issues under the Dialogue, Discipline and Disputes compliance point, and 18 factories were cited for instances of verbal abuse. Workers are frequently reprimanded by the production staff for reasons such as not fulfilling their production targets, producing defective products and for absences without prior notice. Such verbal abuse is particularly common during the peak production months due to high work pressure. While all the non-compliant factories had taken some measures to reduce verbal abuse at the workplace through Supervisory Skills Training, the joint Union-Management Committees and by taking disciplinary measures, one of the factories faced several work stoppages over the past year due to an escalation in production-related arguments.

Effectively functioning Joint Union-Management Committees can play an important role in addressing workplace disputes. Statistics indicate that this area requires further improvements, as 25 factories did not comply with this requirement. These factories either did not have a committee or their existing committees were non-functional. For the latter, workers' representatives were selected by management rather than elected



by the workers or by union representatives; interviewed workers were also unaware of these committees' purpose or existence.

## TERMINATION

Although findings are limited under this compliance point, improvements in monitoring mechanisms for termination and resignation procedures remain important. The limited scope of assessments to cross-check final settlement records may lead to underreported unlawful termination practices. Fifteen factories did not adequately compensate resigned workers for unused annual leave. In 13 of these non-compliant factories, the in-kind amount is not included in the calculation for unused annual leave payments and is only based on the basic salary of JOD 110.

Five factories did not comply with the legal requirements for severance pay. One factory presented information showing that workers had resigned, when worker interviews showed that the workers had been terminated against their will, and required to contribute to their airfare. The other non-compliant factories were reported due to the unavailability of any severance pay records (2 cases), inaccurate final settlement dues calculation (1 case) and unlawful deductions (1 case).

Two factories did not maintain any records for workers who had left the factory. As a result, in one case Enterprise Advisors could not verify whether workers were terminated for valid reasons as several workers were no longer present at the factory following a work stoppage incident. In the second case, Enterprise Advisors could not verify whether workers were provided with adequate notice for termination.

Although rarely reported, these findings effectively represent the key challenges in verifying termination procedures and the need to strengthen monitoring mechanisms. Unlawful deductions and inaccurate payments can amount to significant sums denied to workers. While for most other issues, it is possible to take follow up action after identifying a problem and provide reparations to the affected workers, it is challenging to compensate workers for unlawful termination practices, since the workers are no longer with the factory or in the country in the case of migrant workers.

## Occupational Safety and Health

Non-compliances under the OSH cluster are mainly concentrated within Health Services and First Aid (88 percent), OSH Management Systems (87 percent), Worker Protection (79 percent), Worker Accommodation (78 percent) and Welfare Facilities (70 percent).

### HEALTH SERVICES AND FIRST AID AND OSH MANAGEMENT SYSTEMS

The strict legal requirements for on-site medical facilities and staff and OSH Specialists continues to be the leading reason behind the high non-compliance rates for the Health Services and First Aid and the OSH Management Systems compliance points,



respectively. Jordanian law requires the presence of physician(s) specialized in occupational medicine and nurses on-site for all factories with over 50 workers (factories with under 50 workers can share a physician and a nurse). The number of doctors and nurses increases proportionally with factory size, with large factories (over 1,000 workers) required to house three physicians, four nurses, and one medical unit on site. Fifty-three factories are unable to meet the requirements for on-site medical facilities, however, within these non-compliant factories, 16 of them meet the Golden List requirements.<sup>28</sup>

Jordan's Labour Law requires that factories with 201-500 workers must recruit two OSH technicians and one OSH specialist, factories with 501 to 1000 workers should have two OSH Specialists and three technicians, plus one supervisor and two technicians for each additional 1000 employees. Fifty-one factories failed to employ the required number of OSH staff, of which 8 factories are complying with the Golden List requirements. Due to the unofficial status of the Golden List programme, Better Work Jordan is required to assess factories based on the current law.

The second-most common finding under the Health Services and First Aid compliance point is inadequately equipped first-aid boxes (26 factories). On average first-aid boxes contain 7 to 11 items instead of the total 17 items stipulated by law. This is a frequently recurring issue because of ineffective internal monitoring and OSH management systems. In 4 of the non-compliant cases, the boxes were locked and the assigned key holders were not easily accessible.

Other findings under OSH management systems are related to the availability of written OSH plans (13 non-compliant factories) and functional OSH Committees (15 non-compliant factories). Effective OSH committee members can play an important role in regularly monitoring OSH issues in the workplace, such as ensuring adequately equipped first-aid boxes. Although 7 of the 15 non-compliant factories had MoL approved committees, these were non-functional due to irregular monthly meetings and discrepancies between meeting attendees and the approved members' list.



Table 8. In Focus Table: OSH Management Systems

	# of factories found NC	NC rate by question
Does the employer have written plans for OSH programs?	13	19%
Does the employer record work-related accidents and diseases?	4	6%
Does the factory employ the required OSH specialists?	51	76%
Does the factory have a valid business license? (business licenses require building safety approvals)	3	4%
Has the employer formed a joint worker/management OSH committee?	15	22%
Has the employer performed an assessment of general occupational safety and health issues in the factory?	5	7%

## WELFARE FACILITIES

One of the key improvements under Welfare Facilities has been in the provision of day care services for the children of female Jordanian workers. Article 72 of the Jordanian Labour Law stipulates that any factory, which employs at least 20 female workers who altogether have at least ten children under the age of 4, should provide a day care facility at the workplace. With an increase in the employment of Jordanian women, who comprise the majority of the workforce in the newly registered satellite units, the rate of non-compliance stands at 33 percent (22 factories), as more factories are required to ensure this provision. As an alternative to daycare facilities, 13 factories were documented paying JOD 25 per month for each child under the age of 4. Six additional factories have provided day care facilities over the past year, some of which have been jointly established in collaboration with other national stakeholders

Lack of adequate eating areas (13 factories) and unsatisfactory catering services (12 factories) are some of the other issues under the Welfare Facilities compliance point. With the exception of 3 factories, all others have provided eating areas for workers within the factory premises; however, in most of the non-compliant factories, these areas cannot accommodate the total workforce due to a lack of space and furnishings. Five out of the 12 factories have been addressing food quality related issues either



through the joint worker-management or food committees. While some workers have positively acknowledged the measures taken by management, these efforts have not been able to consistently maintain the desired food quality. On average, interviewed workers claimed to spend between USD 35 to 70 per month on food supplies.

### **WORKER ACCOMMODATION**

Improvements requiring significant building renovations are one of the key challenges for workers' accommodation. Forty-three factory dorms had issues such as inadequate heating systems, high levels of dampness and lack of ventilation due to blocked windows; these were recurring findings for majority of the factories. To address dampness, factories often repaint the walls rather than fix the internal water piping systems that fail to permanently resolve the root cause of this problem. Several factory management have expressed that these renovations can be time and capital consuming and would require them to shift workers to another accommodation in order to renovate their existing dorms. In case of rented buildings, they depend on the landlord to conduct such extensive repair work.

Congested rooms and limited space contribute to non-compliances in minimum space requirements, and 40 factories did not maintain 70cm space between bunk beds and/or provide shoe shelves. Nine of these non-compliant factories were preparing new accommodations for workers in line with these requirements. Thirty-six factories did not provide adequate eating areas within the dorms; 3 of the factories had designated eating areas that were inadequately equipped; the remaining factories either did not have enough space or allocate specific areas for dining purposes. As a result, food leftovers are often found inside rooms where workers consume their meals. This practice contributed to the presence of insects and stray animals inside the dorms of 41 factories.

Until recently only Better Work Jordan conducted scheduled visits of these premises to assess the workers' living conditions. The Union would also occasionally visit factory dormitories to assess the living conditions. Following the agreement between the MoH and the MoL signed in October 2016, Labour Inspectors can now also evaluate workers' dormitories against the MoH regulations. Previously, this task that was exclusively entrusted to MoH officials.



Table 9. In Focus Table: Worker Accommodation

	# of factories found NC	NC rate by question
Are trained first aid personnel and adequate first aid supplies available in the accommodation?	17	21%
Does the accommodation comply with minimum space requirements?	40	60%
Does the accommodation have adequate cooking facilities?	22	33%
Does the accommodation have adequate eating and living areas?	36	54%
Does the accommodation have adequate toilets, showers, sewage and garbage disposal systems?	10	15%
Does the accommodation have enough safe water?	6	9%
Does the accommodation have laundry facilities?	0	0%
Does the accommodation offer workers adequate privacy?	1	1%
Has the employer adequately prepared for emergencies in the accommodation?	39	58%
Is the accommodation adequately protected against heat, cold, dampness, and noise, and is it adequately ventilated and lit?	43	64%
Is the accommodation clean, and protected against disease carrying animals or insects?	41	16%
Is the accommodation protected against fire?	24	36%
Is the accommodation separate from the workplace (even though it may be in the same compound/industrial park)?	2	3%



## Working Time

Assessing compliance under the Working Time cluster is greatly dependent on reliable and accurate records. Although there is no legal limit for overtime in the Jordanian Labour Law, factories may avoid presenting excessive overtime, as many buyers look unfavorably upon this. In some cases, workers may still be properly compensated off the record and this is verified through workers' statements and corresponding production documents. In other cases, workers are not properly compensated. Accurate records of working hours are key in determining if workers are being paid accurately and factory management are advised accordingly in Better Work Jordan advisory visits. The Thematic Section in this report looks into the state of working hours in the Jordanian garment industry.

### LEAVE

According to the Jordanian law, female workers returning from maternity leave are entitled to an hour of paid leave for breastfeeding. Five factories were cited for not providing one-hour breastfeeding breaks for workers returning from maternity leave, and 5 factories were in non-compliance with providing workers with paid annual leave.<sup>29</sup> Two of these non-compliant factories were unlawfully deducting the workers' annual leave days without prior notice during the low production season. Should management decide to declare holidays during low production seasons, this should be declared in the beginning of the year through a MoL approved annual holiday calendar.

### REGULAR HOURS

Two factories were exceeding the regular working hours. In both cases, Better Work Jordan found that security guards working for 24 straight hours followed by 48 hours of rest. The management stated that it was a mutual agreement between the factory and the guards; the security guards later confirmed this. Thirteen factories (19 percent) were non-compliant with keeping accurate records of hours worked. Five of these cases were due to the improper time card punching practices whereby workers either punched out early to continue working to meet the daily production targets and redo damaged goods or only punched in once in the morning or did not maintain any punch card records for selected workers at all. These practices were not reported as forced overtime as workers indicated that the overtime was voluntary. Workers are also aware that these techniques are used to hide excessive overtime and holiday work from buyers. A few interviewed workers have explicitly stated that in the interest of earning extra income, they also comply with these time punching practices, as otherwise they are told that the factory may not receive more orders in the future if they were caught working beyond the specified hours. Other inaccurate time records were reported at factories that maintained manual recording systems (3 factories), recording system errors that did not reflect the actual working hours (2 factories), unavailability of records for overtime beyond two hours and holiday overtime (2 factories) and maintaining manual records only for excessive overtime (1 factory).



Table 10. In Focus Table: Regular Hours

	# of factories found NC	NC rate by question
Do regular working hours exceed 11 hours per day or 48 hours per week?	2	3%
Do the working time records reflect the hours actually worked?	13	19%
Does the employer provide required weekly rest periods?	0	0%

## Thematic Focus: Working hours in the Jordanian garment industry

The regulation of working time is a concern of labour regulation and good working standards. Regulated work hours, daily breaks and annual holidays ensure high productivity while safeguarding workers' physical and mental health.<sup>30</sup> Regulations on working time most commonly have two thresholds – the first sets a maximum regular working time and the second assigns a maximum total working time. As per the ILO Hours of Work (Industry) Convention No. 1 of 1919, the regular working time of 48 hours per week and 8 hours per day is an international norm.<sup>31</sup> Overtime hours are generally regulated via national legal standards and collective agreements. A regulated use of overtime can be beneficial to both employers and workers. For employers it can mean production flexibility, and for workers it can translate to higher earnings when compensated accurately.

Working overtime is common in the global apparel industry, as factories work with fluctuations in orders according to seasons. From the employees' perspective, workers may choose to work overtime due to low wages, which means that low paying employment is related to excessive working hours.<sup>32</sup> The term excessive overtime identifies not only the hours exceeding the maximum hours defined by national statutory regulations, but also the hours of work that have negative consequences on the health and safety of the worker. While it is important to examine the workers' need for overtime within this discussion, it is beyond the scope of this report and should be investigated in future research.



## JORDAN

As mentioned earlier, the Jordanian Labour Law and the CBA state that regular work hours should not exceed 48 hours per week. There is no legal restriction on overtime hours in Jordan, but overtime must be voluntary and workers should be compensated as per the law.

## BETTER WORK JORDAN

As a part of its Enterprise Assessment, Better Work Jordan collects and documents worker attendance records and payments to verify accurate compensation of the workers interviewed. Through this process over the past years, Better Work Jordan has collected extensive data on working hours in the garment industry. Despite the availability of this data, the working hours have only been used for enterprise-level assessments. There remains a lack of a comprehensive understanding of the working hours across the industry as a whole. This thematic section hopes to capture a preliminary idea of the state of working hours in the garment industry in Jordan as a first step to building a better understanding. This is especially important in Jordan's context as the law does not ascribe a limit to overtime.

## DATA AND METHODOLOGY

This analysis uses the working hours data collected from factories between November 2015 and December 2016. Not all 67 factories are included in this analysis, as some were unable to provide time records or because the records provided were considered unreliable. The sample uses the data on weekly hours worked from 3,659 workers for 3 months, and each weekly hour reported is treated as an individual observation.<sup>33</sup> In cases of newly hired workers, the weekly hours were only entered for the appropriate weeks.

The hours worked are divided into 4 categories. Weekly working hours less than or equal to 48 are recorded under Category A (regular hours), 49-60 are in Category B (overtime within this range is acceptable to most buyers), 61-72 are in Category C (considered high overtime) and weekly hours over 72 are in Category D (considered excessive overtime).

## RESULTS

In the data sample, the average hours of work is 57 hours per week with a standard deviation of 11.8, excluding hours worked on Fridays. The minimum hours worked per week is 3 and the maximum is 102. About 16 percent of workers in the sample have worked at least one Friday for the months recorded. As seen in Figure 3, there is a high frequency of observations around 62 hours per week. In addition, the percentage of observations (45 percent) that fall under Categories C and D (high and excessive overtime) is noteworthy.



Figure 7. Distribution of hours worked, excluding Fridays.

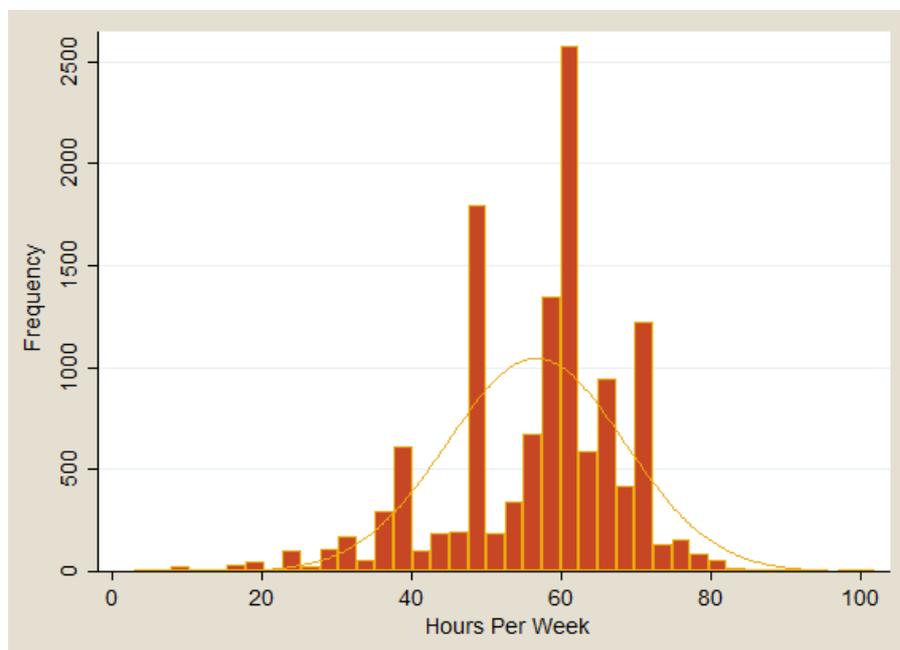


Table 11. Categorical distribution of working hours.

Category	Hours Worked	Description	% of observations
A	≤ 48	Regular hours	26
B	49-60	Within most brand regulations	29%
C	61-72	High	27%
D	72+	Excessive	18%

## LIMITATIONS

Existing knowledge and evidence from factory assessments and worker interviews suggest a substantial difference in hours worked between Jordanian and migrant workers. The analysis above fails to capture this difference. It is likely that average of hours worked will be higher for migrant workers if the analysis was divided into two groups.



### **FURTHER DISCUSSION**

While it is not a rigorous analysis of the working hours in the Jordanian garment sector, this thematic section hopes to start a discussion on the status of overtime in the industry. Excessive overtime has detrimental effects on workers' physical and mental health. Low wages in the garment industry often drive workers to work excessively long hours. Furthermore, monitoring compensation is difficult in cases of inadequate timekeeping. It is worthwhile to look further into the subject of excessive overtime and time clocks in the upcoming year.

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## **Section III: Conclusions**

The data in this report once again indicates that the provision of Better Work Jordan core services at the enterprise level contributes to an ongoing process of measureable improvement in compliance with the national labour law and ILO Core Labour Standards. The sustained progress and commitment has allowed Better Work Jordan to more deeply assess some of the fundamental challenges facing the garment sector, such as discrimination in employment, recruitment practices, dormitory conditions, and to work with factories and workers to develop and implement more effective solutions.

### **LABOUR STANDARDS AND WORKING CONDITIONS**

Public annual reports are an effective way to highlight persistent challenges faced by factories to both industry stakeholders and a wider public audience, and inform future actions. Non-compliance related to freedom of association, medical staff requirements and OSH management systems have been persistently high due in part to national law. In some cases, effective implementation of legal requirements such as wage equalization and accurate wage calculations as stated in the sector-wide agreement are required to lower non-compliance rates related to compensation and discrimination.

The issues related to contracting practices are complicated, given the large proportion of migrant workers and different national regulations in the sending countries. As seen in this report, workers from some countries report paying higher fees than others. Involvement and commitment from all industry stakeholders and respective governments are essential for overcoming unfair recruitment. Better Work Jordan continues to monitor and document cases of unauthorized recruitment fees and guide factories towards greater engagement in the recruitment process.

### **ENGAGING WITH NATIONAL STAKEHOLDERS**

The ongoing collaboration between Better Work Jordan and the MoL will continue to promote improvements in the Jordanian garment industry. Better Work Jordan will continue to guide MoL Inspectors on the issues subject to public reporting.



Furthermore, Better Work Jordan and the MoL are exploring how to share their experience and knowledge with other sectors where factories are considering exporting to the EU under the new trade agreement. Better Work Jordan is also expected to expand its operation in 2017 to engage in sectors planning to export to the EU.

With the upcoming negotiations regarding the CBA renewal, Better Work Jordan and industry stakeholders should be proactive about identifying relevant issues and discussing appropriate actions. In addition, a firm understanding of the current implementation status of the CBA should inform the negotiations and the renewal process.

Better Work Jordan has also identified the need to bring the private sector experience and voice in public discussions on issues related to recruitment of Syrians, increasing employment of Jordanians in the industry and hiring of workers with disabilities. Actors in the private sector have a critical role in such discussions as they have the most on-ground experience. Better Work Jordan hopes to have a coordinating role in this regard.

### **IFC/ILO PROJECT TO INCREASE PRODUCTIVITY OF JORDANIANS IN THE GARMENT SECTOR**

Better Work Jordan is preparing for an IFC-funded project aiming to improve labour standards and productivity among Jordan's female workers in rural areas, while promoting long term inclusive economic growth. The project aims to increase local employment by raising the number of satellite factories. It also emphasizes the need to consult local communities, thus closing the current knowledge gap. Better Work Jordan will focus on how to make subcontracting a more compliant and productive model, as only 4 of the 12 present satellite factories are making a profit or breaking even

### **PUBLIC REPORTING**

The introduction of factory-level public reporting is one of the significant changes to Better Work Jordan slated for 2017, and is expected to improve compliance at the enterprise level and the reputation of the sector at an industry level. Starting January 2017, factory assessments will be subject to public reporting, with data first becoming publicly available in July 2017. Factory non-compliance status on 29 vetted issues will be available via the Better Work Jordan and MoL websites. The public reporting data will be continuously updated, as new assessment reports are finalized. Experience with public reporting in Better Factories Cambodia has shown that this approach increases compliance in factories, and makes the industry more competitive. Better Work Jordan is committed to ensuring an easy transition to public reporting in the industry.



## Annexes

### Annex A: Factories covered in this report

Ajloon Satellite Unit (Hi Tech Apparel Concepts)	Al Areen wear Ltd.
Al Hanan for Cloth Mfg. Est.	AL Masera Textile
Al Mustamerah for Tex	Al Tafilah Apparel Co. Ltd..
Apparel Concepts L.L.C.	Aseel Universal Garments Mfg. Co.
Aseel Universal Garments Mfg. Co./Al Mwaqar	Atateks Foreign Trade Ltd.
Atlanta Garment Mfg. Co.	Best Quality Jordan
Business Faith Garment Mfg. Co. Ltd.	Cady Garments Company
Camel Textile International Corp.	Casual Wear Apparel L.L.C.
Century Miracle-Indian Building	Century Miracle-Main Building
Century Wear Co.	Classic Fashion Apparel Industry Ltd. Co. (Satellite)
Classic Fashion Apparel Industry Ltd. Co. (Unit 1)	Classic Fashion Apparel Industry Ltd. Co. (Unit 2)
Classic Fashion Apparel Industry Ltd. Co. (Unit 4)	Classic Fashion Apparel Industry Ltd. Co. (Unit 6)
Eam Maliban Textiles Jordan (PVT) Ltd.	Eam Maliban Textiles Jordan (PVT) Ltd. (Satellite)
El Zay Ready Wear Mfg. Co.	Fine Apparel Ltd..
Galaxy Apparel Industry	Galaxy Apparel Industry (Satellite)
Haifa Apparel	Hi Tech -Textile (R-TEX)
Hi-Tech Textile L.L.C.	Indo Jordan Clothing Co.
Ivory Garments Factory L.L.C.	Ivory Garments Factory L.L.C. (Satellite)
Jerash Garments and Fashions Mfg. Co. Ltd. (Unit 1, 2, 3)	Kareem Industrial Textiles Co. Ltd.
Musa Co. for Mfg. ready garments	Mustafa & Kamal Ashraf Trading Garment Ltd.
Needle Craft for clothing industry	Noble Apparel Jordan L.L.C.
Oasis Textiles International Co. Ltd.	Paramount Garments Ltd.
Pine Tree Co. for textile Mfg. P.S.C (TWJ)	Prestige Apparel Mfg. Ltd. Co.
Rainbow Textile L.L.C.	Rich Door Textile Factory
Rich Pine International Group Ltd.	Sana Garments Co.
Silver Stitch Apparel Mfg. L.L.C.	Southern Garment Mfg. Co. Ltd.
Standard Jeans Apparel Mfg. Co. (Satellite Unit 2)	Standard Jeans Apparel Mfg. Co. (Unit 1)
Standard Jeans Apparel Mfg. Co. (Unit 2)	Standard Jeans Apparel Mfg. Co. (Unit 3)
Standard Textile Jordan	Sterling Apparel Mfg. L.L.C.
Sterling Apparel Mfg. L.L.C. (Satellite)	Straight Line for Apparel Co.
Third Dimension Apparel L.L.C.	Tusker Apparel Co.
United Creations L.L.C.	United Creations L.L.C. (Satellite)
Vega Textile Ltd.	Victorious Apparels Mfg. Co. Ltd.
W&D Apparel (Jordan) Corp.	



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## **Annex B: List of participating buyers**

American Eagle Outfitters

Ann Inc.

Carhartt Inc.

Columbia Sportswear

Dick's Sporting Goods

EIS North America Group

Gap

G-III Apparel Group

Global Brands Group

Li & Fung Trading

New Balance Athletics

Newtimes Development

Nike

One Jeanswear Group

Patagonia

Polo

Post CH aG

Puma SE

PVH Group

Sears Holdings

Talbots

Target Corporation

Wal-Mart Stores

## **Annex C: Methodology and Limitations**

### **FACTORY ASSESSMENTS**

Better Work conducts factory assessments to monitor compliance with core International Labour Standards and the national labour law. Assessment reports highlight non-compliance findings, which are then used to help factories identify areas in need of improvement. Collecting and reporting these data over time help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight clusters. The first four clusters comprise the core labour standards – Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining. These standards protect the fundamental rights at work under the ILO’s 8 Core International Labour Conventions, and International Labour Standards are used as a baseline for compliance in these four clusters. The remaining clusters – Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time – fall under Working Conditions. The compliance points for these areas incorporate differences in national legislation depending on the country of operation. Better Work establishes a benchmark based on international standards and good practices in areas where national laws do not cover or sufficiently address an issue regarding working conditions. The eight clusters are then divided into cluster points (CP), and each CP includes a number of questions, which may vary by country.

## BETTER WORK ASSESSMENT CLUSTERS AND COMPLIANCE POINTS.

	Compliance Clusters	Compliance Points								
Core Labour Standards	1	<b>Child Labour</b>	Child Labourers Documentation and Protection of Young Workers Hazardous Work and Other Worst Forms							
	2	<b>Discrimination</b>	Gender Other Grounds Race and Origin Religion and Political Opinion							
			3	<b>Forced Labour</b>	Bonded Labour Coercion Forced Labour and Overtime Prison Labour					
					4	<b>Freedom of Association and Collective Bargaining</b>	Collective Bargaining Freedom to Associate Interference and Discrimination Strikes Union Operations			
	Working Conditions	5					<b>Compensation</b>	Method of Payment Minimum Wages/Piece Rate Wages Overtime Wages Paid Leave Social Security and Other Benefits Wage Information, Use and Deduction		
								6	<b>Contracts and Human Resources</b>	Contracting Procedures Dialogue, Discipline & Disputes Employment Contracts Termination
			7	<b>Occupational Safety and Health</b>						Chemicals and Hazardous Substances Emergency Preparedness Health Services and First Aid OSH Management Systems Welfare Facilities Worker Accommodations Worker Protection Worker Environment
					8	<b>Working Time</b>				Leave Overtime Regular Hours

## CALCULATING NON-COMPLIANCE

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Better Work calculates non-compliance rates for each factory and reports them in individual factory reports. The non-compliance rate is reported for each CP, and a CP is reported as non-compliant if one or more of its questions show evidence of non-compliance. In public annual reports, Better Work uses the average compliance rates across all participating factories within the reporting period. For instance, an average non-compliance rate of 100 percent under a question indicates that all participating factories had violations in that area.

## LIMITATIONS

### LIMITATIONS OF BETTER WORK ASSESSMENT

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Detailed factory assessment reports are based solely on what is observed, investigated and analyzed during assessment visits. Before the reports become official, factories are given five working days to provide feedback and clarifications, which in some cases impact the language in the final report. Certain issues remain difficult to assess and verify independently. For instance, sexual harassment is difficult to identify during a factory assessment visit. It is generally considered a sensitive issue and is likely to be underreported. The low literacy level of a large percentage of workers can also affect the integrity of documentation related to workers' consent for overtime work, storing personal documents, disciplinary procedures and employment rights. To overcome such limitations to some extent, information provided by workers and management are crosschecked through representative interview samples and various documents maintained at the factory.

### LIMITATIONS OF BETTER WORK JORDAN ASSESSMENTS

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In the context of Better Work Jordan, limitations in the assessment process can also arise when monitoring issues specific to migrant workers. It is beyond the scope of Better Work Jordan to thoroughly investigate contracting procedures in workers' country of origin. Age verification for migrant worker can be challenging as birth dates in national passports, the primary document available to verify workers' age, can be falsified with fake birth certificates.

Detecting violations of workers' entitlements upon termination of their contract has been difficult, especially in cases where no proper documentation is maintained to indicate the amount paid to workers. Furthermore, in some cases where the paperwork may show that the worker received all their entitlements, whether the worker had actually received the stated amount cannot be verified once the worker has left the country. Unlawful terminations are also difficult to justify through multiple sources and are usually dependent on cross-checking workers' statements following incidents such as work stoppages or strikes. In such cases, the management either maintains paperwork to show that the worker had willfully resigned or does not maintain any termination-related documents at all.

Assessing compliance with freedom of association in Jordan has been challenging for Better Work Jordan for a number of reasons. The existing Jordanian Labour Law does not adequately protect freedom of association, and the single union structure prevents workers from forming a labour union of their choice. Factories de facto become non-compliant on questions related to freedom of association. Better Work Jordan continues to monitor other aspects of union operations, including union access to factories, anti-union discrimination and strikes at the enterprise level. At the same time, the main workers' union for the Jordanian apparel sector does not fully represent the majority migrant workforce as only locals can participate through voting and nominations in the union board elections. The union also has limited capacity in adequately communicating with the migrant workforce due to language barriers.

#### LIMITATIONS OF CALCULATING NON-COMPLIANCE

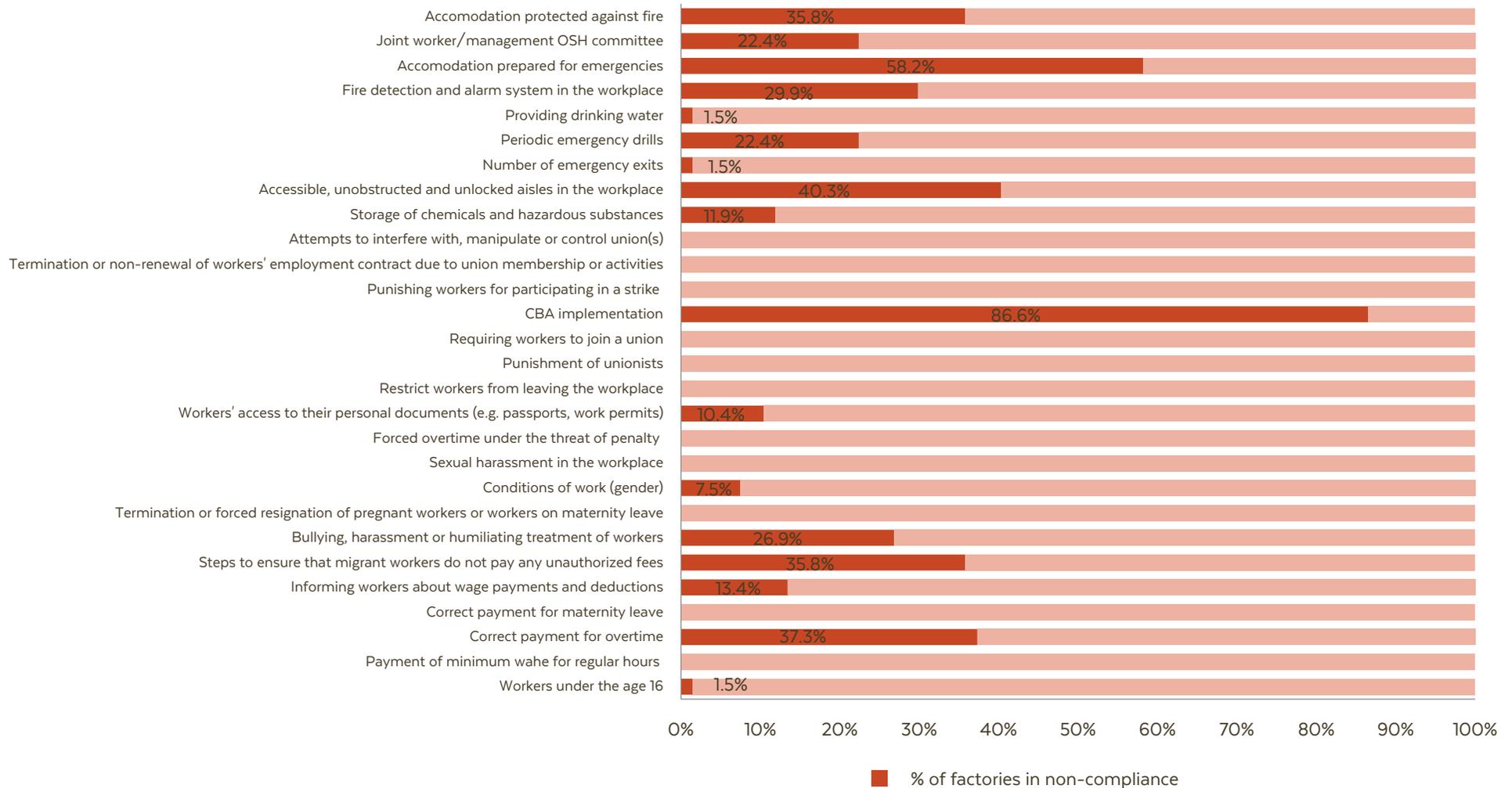
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The binary 'yes or no' structure of the answers to compliance limits the ability of Better Work to numerically present the severity of non-compliance, and is not conducive to capturing the 'levels of non-compliance'. For example, a factory may significantly improve in a particular area but may still not qualify as compliant. While an aggregate and strict indicator, the non-compliance rate is useful for Better Work to compare data across countries and have a general idea of areas of non-compliance in the industry. It is often beyond the capacity of such numbers to fully capture the specific issues observed during factory assessments.

Accordingly, it is important to examine the Clusters and CPs in further details to create a more comprehensive understanding of the industry and the overall non-compliance rates. For this reason, the following section presents both the average non-compliance rates and the non-compliance findings for each CP.



## Annex D: Publicly reported issues





## Annex E: Non-compliance in CBA implementation

The following figures show the percentage of factories that are yet to fully implement particular CBA requirements and the number of areas of non-compliance. As can be seen in **Figure 5**, non-compliance is concentrated in certain areas of the CBA, including in-kind calculation and dormitory standards. For dormitory standards and daycare facilities, details are noted under the Workers’ Accommodation and Welfare Facilities compliance points, respectively. **Figure 6** shows that number of areas of non-compliance with corresponding number of factories. For instance, 14 factories failed to fully implement only one requirement in the CBA and 20 factories did not implement two requirements in the CBA. Majority of factories in non-compliance (76 percent) failed to implement one to three requirements in the CBA.

Figure 8. CBA implementation by requirement.

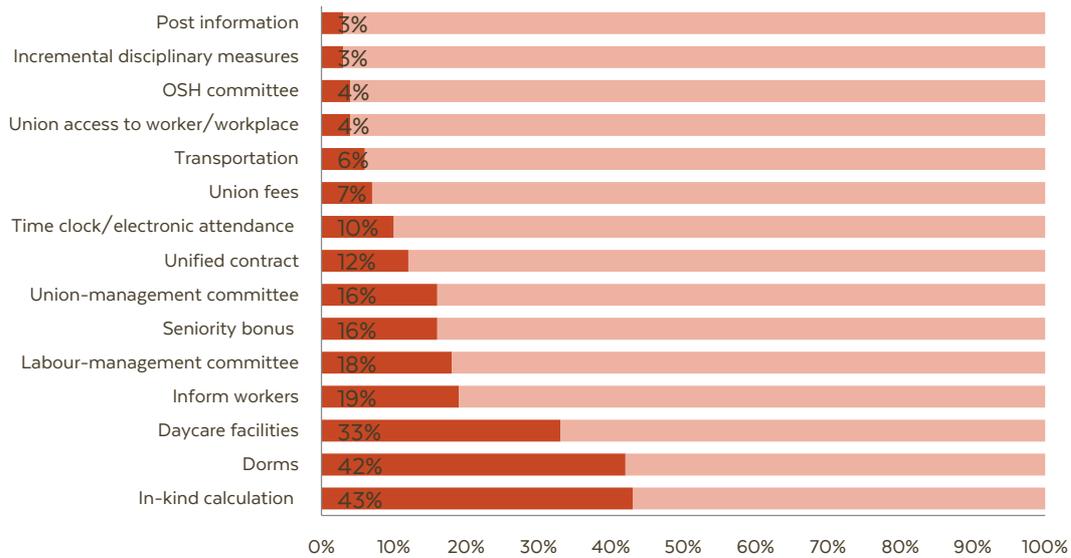
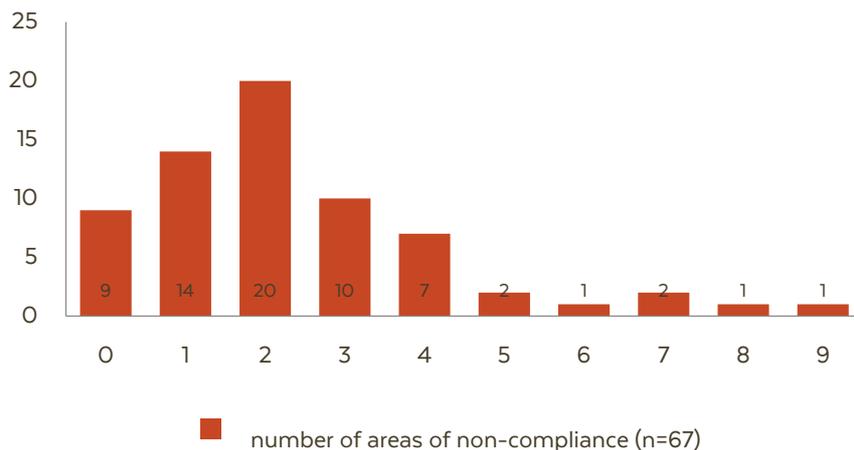


Figure 9. Number of areas of non-compliance in CBA implementation.





<sup>1</sup> Factories participating and the Better Work model are further discussed in the Annex D discussing Methodology and Limitations .

<sup>2</sup> [Office of the United States Trade Representative.](#)

<sup>3</sup> Data received from the MoL and the Union.

<sup>4</sup> Department of Statistics, Government of Jordan.

<sup>5</sup> One satellite unit's construction is on hold as of January 2017.

<sup>6</sup> Better Work Jordan PAC: Ministry of Labour (2), Ministry of Industry and Trade (1), Jordan Garments, Accessories & Textiles Exporters Association (JGATE) (1), Foreign Investors Association (1), Chamber of Industries (1), General Trade Union of Workers in Textile, Garment and Clothing Industry (2), and General Federation of Jordanian Trade Unions (1).

<sup>7</sup> The most recent [CBA is available](#) in 10 languages.

<sup>8</sup> More information about the implementation of the Unified Contract is noted under Contracts and Human Resources cluster detailed findings section.

<sup>9</sup> This issue is further discussed in Section II and Annex E.

<sup>10</sup> [Trafficking in Persons Report \(2016\).](#)

<sup>11</sup> The Rules of Origin require that products or raw materials must originate either in the EU or from the country exporting to the EU. As a resource scarce country, Jordan manufacturers rely on importing raw materials from other countries.

<sup>12</sup> Jordan's list of public reporting issues can be accessed [here](#).

<sup>13</sup> There were no on-site nurseries in 2008 when BWJ was first established.

<sup>14</sup> Better Work Jordan conducts assessments approximately every 12 months. As this report covers more than 12 months, 11 factories were visited more than once.

<sup>15</sup> A cycle begins an advisory visit and ends with the 2<sup>nd</sup> Progress Report.

<sup>16</sup> The Public Security Directorate and the Ministry of Labour in Jordan leads this unit.

<sup>17</sup> Procedures follow the National Framework to Combat Child Labour 2011.

<sup>18</sup> Two months after the assessment, the factory still failed to provide any health certification to the BWJ advisor. The juvenile worker was found doing the same tasks.

<sup>19</sup> BOESL is a state-owned migration agency in Bangladesh. More information can be found [here](#).

<sup>20</sup> The Addendum appeared in the Government of Jordan's Official Gazette on 31 December 2014 and thereby became legally binding on all garment factories employing migrant workers by adding the following in-kind wages when calculating overtime: JOD 20 as of 1 August 2014, JOD 40 as of 1 August 2015, JOD 60 as of 1 August 2016, JOD 80 as of 1 August 2017.

<sup>21</sup> This is not relevant for satellite units since 100 percent of the workers employed in satellite factories are Jordanians.

<sup>22</sup> For example, JOD 5 for one year, JOD 10 for two years, JOD 15 for three years and JOD 20 for four or more years, completed as of 1 February 2012.

<sup>23</sup> The wage for Jordanian workers increased by JOD 20 in 2013, whereas the minimum wage for migrant workers did not increase. As a result, the requirement for incremental seniority bonus for Jordanian workers as added later to avoid further discrimination in wage payment.

<sup>24</sup> This is only applicable for workers who have consented to the deduction by signing a union membership form included in the last page of the Unified Contract.

<sup>25</sup> The factory has a fixed employee bonus of JOD 20 per month.

<sup>26</sup> This topic is further discussed under the Working Time cluster and the thematic section of this report.

<sup>27</sup> The amount recorded was JOD 30-50 in three factories, and JOD 50-60 in two factories.

<sup>28</sup> The Ministry of Labour created the Golden List to encourage employers' best practices regarding labour conditions.

<sup>29</sup> Twenty-one days after 5 years of service, and 14 days otherwise.

<sup>30</sup> ILO Information Sheet (2004). *Conditions of Work and Employment: Overtime*.

<sup>31</sup> *Ibid*.

<sup>32</sup> Sea, Ji-Won. (2011). *Excessive Overtime, Workers and Productivity: Evidence and Implications for Better Work*. Better Work Discussion Paper Series: No. 2.

<sup>33</sup> The months selected vary from factory to factory depending on the time of assessment.





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